

# **PARK CITY MUNICIPAL CORPORATION, UTAH**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**(Including Internal Control and Compliance Reports  
and Supplemental Information)  
for fiscal year ended June 30, 2006**

**Prepared by:  
Finance Department**

**Lori W. Collett  
Finance Manager**

**Chelese M. Rawlings  
Accounting Manager**

**Marina Smith  
Analyst**

**Karen Maxwell  
Analyst**

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**June 30, 2006**

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# **INTRODUCTORY**

## **SECTION**

**Park City Municipal Corporation**

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## Finance

October 31, 2006

To the Honorable City Council, Honorable Mayor and Citizens of Park City, Utah:

These financial statements have been prepared by the Park City Municipal Corporation Finance Department in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

The City's management is responsible for the accuracy of the report, as well as the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the report is complete and accurate in all material respects. In order to have a basis to rely on for management to make these representations, the City maintains a comprehensive system of internal controls designed to provide reasonable, but not absolute, assurance against loss of assets or material misstatement in the financial statements. This level of assurance is an inherent limitation in a system of internal controls because they should be cost-effective, i.e. the cost of such controls should not exceed the related benefit.

The financial statements contained in this report have been audited by Wisan, Smith, Racker & Prescott, LLP, a firm of licensed certified public accountants. The objective of this type of examination is for the independent auditors to render an opinion, with reasonable assurance, as to whether the financial statements of Park City Municipal Corporation for the fiscal year ended June 30, 2006 are fairly presented and free of any material misstatement. Audit procedures included extensive testing and analysis of transactions, balances and systems. The unqualified ("clean") opinion on the financial statements signed by Wisan, Smith, Racker & Prescott, LLP is located at the beginning of the financial section.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The CAFR consists of four parts. The **Introductory Section** includes an organizational chart and this transmittal letter. The **Financial Section** includes the independent auditors' report, *Management's Discussion and Analysis*, the financial statements and related notes. Also contained in the financial section is the Supplementary Information. The



Supplementary Information includes balance sheets and income statements for nonmajor governmental funds, internal service funds, as well as other budgetary information. The **Statistical Section** includes several schedules of unaudited data, depicting the financial history of the City, demographics and other selected information about the City. The **Internal Control and Compliance Reports** include the independent auditors' reports on internal control and compliance as required by *Audits of States, Local Government, and Non-Profit Organizations* and state compliance as required by the *State of Utah Legal Compliance Audit Guide*.

**Profile of Park City Municipal Corporation, Utah:** Park City Municipal Corporation is a municipal corporation governed by an elected mayor and five-member council. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and the City operates under a council-manager form of government. Policy-making and legislative authority are vested in the governing council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council and mayor are elected on a non-partisan basis. Council members and the mayor serve four-year staggered terms. Elections are held every odd year.

The City provides many municipal services including: police, parks, recreation, library, water, public improvements, streets, planning, zoning, golf course, transportation and parking, and administrative services. This report includes the financial statements of the funds required to report on those activities, organizations and functions which are related to the City and are controlled by or financially accountable to the City's governing body, the City Council. The Park City Municipal Building Authority, the Park City Redevelopment Agency, the Park City Housing Authority and the Park City Water Service District are chartered under Utah law as separate governmental entities. However, this report includes the financial statements of these entities, since the City Council is the appointed board for all four agencies, and they are financially accountable to the City.

The State of Utah, Summit County, Wasatch County, Park City School District, Park City Fire Protection District, Snyderville Basin Special Recreation District and Snyderville Basin Water Reclamation District are overlapping governments that provide services to City residents; however, they are separately controlled, and they are not financially accountable to the City; therefore, they are not included in this report.

**Budgetary Control:** The City Council is required to adopt a final budget by no later than June 22 of the fiscal year. This annual budget serves as the foundation of the Park City Municipal Corporation's financial planning and control. Budgets are prepared for all governmental fund types including the general fund, capital improvements funds and debt service funds. The City Council approves all City budgets at the department level (general government, public safety, public works and recreation and library). Budgetary control is maintained at the department level where expenditures may not legally exceed

appropriations. Department heads may make transfers within a department. The City Council may amend the budget by resolution during the budget year but must hold a public hearing to increase a governmental fund's budget before it can pass the resolution.

**Local Economy:** Park City is located in Summit County, Utah, in the heart of the Wasatch Mountains, 30 miles east of Salt Lake City and 40 minutes by freeway from the Salt Lake International Airport. In 1869, silver bearing quartz was discovered in the area of what is now Park City, and a silver mining boom began. From the 1930's through the 1950's, the mining boom subsided due to the decline of silver prices, and Park City came very close to becoming a historic ghost town. During that time, the residents began to consider an alternative to mining and began developing Park City into a resort town. Park City is one of the western United States premier multi season resort communities with an area of approximately thirteen square miles and a permanent resident population of approximately 8,066.

World renowned skiing is the center of activity being complemented throughout the year with major activities and events, such as the Sundance Film Festival, Arts Festival, concerts, sporting events, along with a variety of other winter and summer related activities.

Tourism is the major industry in Park City, with skiing, lodging facilities and restaurants contributing significantly to the local economy. Park City is the home of two major ski resorts (Park City Mountain Resort and Deer Valley Resort) with a third area (The Canyons Resort) located only one mile north of the City limits.

In 2002, Salt Lake City hosted the 2002 Winter Olympic Games with two athletic venues in Park City and one just north of the City limits. Deer Valley Resort hosted the slalom, aerial, and mogul competitions; Park City Mountain Resort hosted the giant slalom, snowboarding slalom and snowboarding halfpipe; and the Utah Winter Sports Park (Summit County) hosted ski jumping, luge and bobsled events.

Deer Valley Resort hosted a FIS Freestyle World Cup event in January 2006 and will host an event for the FIS Freestyle World Cup again in January of 2007. Deer Valley has invested seven million dollars in improvements for the 2006-07 ski season. The Park City Mountain Resort, which was acknowledged by readers of *Transworld Snowboarding Magazine* as the "Best Park" in North America for a second year in a row, has been the site of the America's Opening, and other Pro-Cup racing events since 1986 and will host the World Superpipe Championship in March 2007. Both Deer Valley and Park City Mountain Resort continue to rate in the top-five of North American ski resorts. In fact, Deer Valley and Park City Mountain Resort ranked number two and number five, respectively, in a 2006 resort review in *Ski Magazine*. Now in its ninth season, The Canyons Resort continues its dynamic transformation into the largest single ski and snowboarding resort in Utah, and one of the five largest in the nation, with over ten million dollars worth of improvements for the 2006-07 season.

With the exception of the 2001-02 season, the year of the Olympic Winter Games, skier days at the three main resorts have increased significantly for the past five years. Encouraging tourism and the ski industry are objectives for Park City as well as for the State of Utah. With its close proximity to Salt Lake City and Salt Lake International Airport, Park City is a major contributor to these goals. In the 2005-06 season, Park City area resorts claimed 42.2 percent of the total Utah skier day market share. Total skier days in Park City area resorts were 1,715,536, up 7.0 percent from the previous year. With the local economy dependent on tourism and skiing, employment in Park City tends to decline in the spring and summer months. The City hopes to mitigate this by diversifying recreational activities in the "off-season".

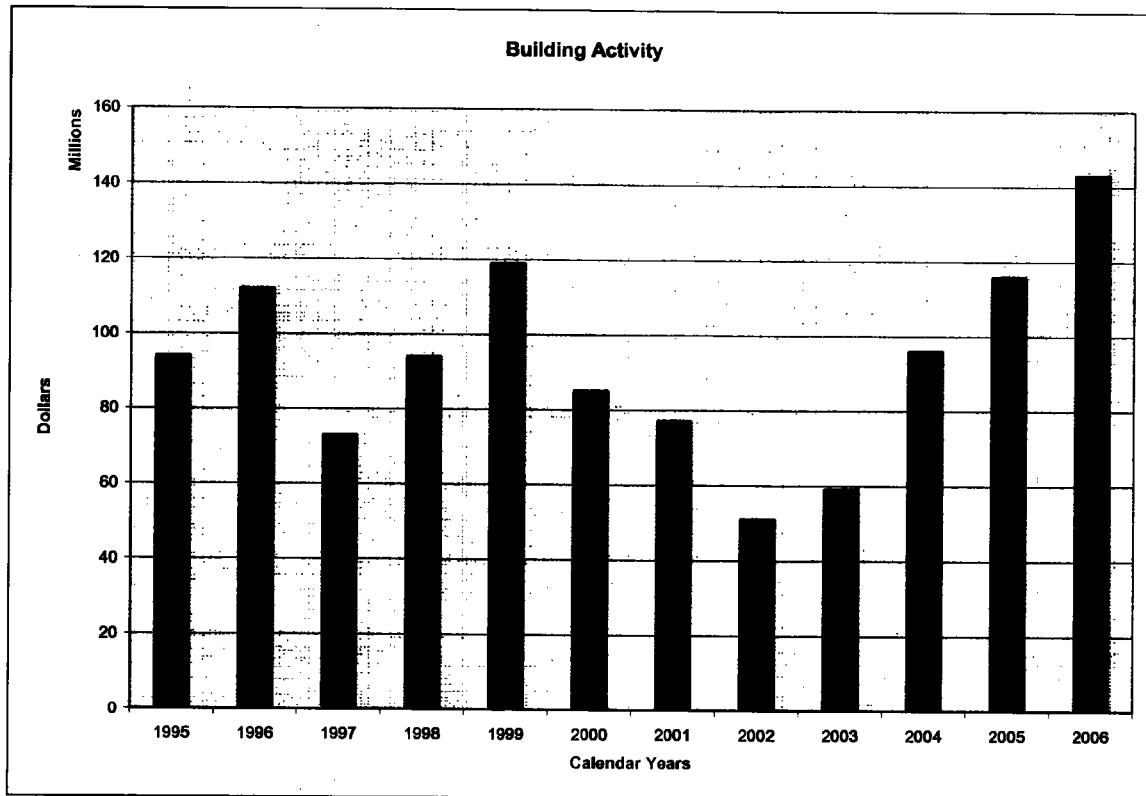
Major employer-types in the City include: accommodation and food service, arts/entertainment and recreation, retail trade, real estate, technical services, and government. Unemployment data was unavailable for Park City. However, the current Summit County unemployment rate is estimated at 3.0 percent, lower than the state average of 3.4 percent.

The service population is much larger due to the number of secondary homeowners and visitors within Park City. The City has approximately 126 restaurants, 308 shops, 25 private art centers and a community-sponsored art center. Many of Park City's restaurants are award winning and among the finest in the inter-mountain west. The Chamber of Commerce estimates that the City has a nightly capacity for 27,779 guests. On average, the City receives almost 8,000 visitors per night which translates to an occupancy rate of 28.8 percent. Please see Schedule 22 on page 120 of the Statistical Section of this report.

The Sundance Film Festival will make its 27th annual appearance in Park City in January 2007. Sundance and Park City Municipal Corporation have formerly agreed that Park City will remain festival headquarters through the 2018 film festival, with a ten year option after that. The deal also provides for the relocation of Sundance's Utah headquarters from Salt Lake City to Park City. The festival presents high quality, independent films. Nationally known actors, directors, writers and other members of the film industry conduct and attend workshops, classes, seminars, dinners and premiers which are open to the general public. It is estimated by the Sundance Institute that 37,470 out-of-state guests attended the festival in 2006. Total spending in Park City was approximately \$52.9 million during the festival, capping a decade of spectacular growth. The Kimball Arts Center sponsored its 36th annual two-day Park City Arts Festival in August 2006. The Park City Arts Festival is Utah's original, oldest and longest running visual arts festival. This event attracts over 40,000 visitors over the two-day period and features 220 of North America's top artists.

Closely connected to the tourist and ski industries in Park City is the real estate industry. During the past ten years, building activity within the City has gone from a low of \$51.0 million in 2002, because the Winter Olympic Games slowed the pace of construction, to a current high of \$142.8 million through September of 2006. Building activity over the last decade has averaged \$91.3 million. In 2006 (January through September), approximately

50.0 percent of the \$142.8 million in building activity has been in residential construction and 13.0 percent in commercial construction. The remaining 37.0 percent consisted of remodeling, expanding and miscellaneous construction. The residential construction total valuation of approximately \$71.2 million consisted of both single and multi-family homes. Easy access to Salt Lake City has intensified the role for Park City as a bedroom community. This role and the current economy have shifted emphasis to the construction of residential homes.



*Note: The 2006 number is from January 2006 through September 2006 only.*

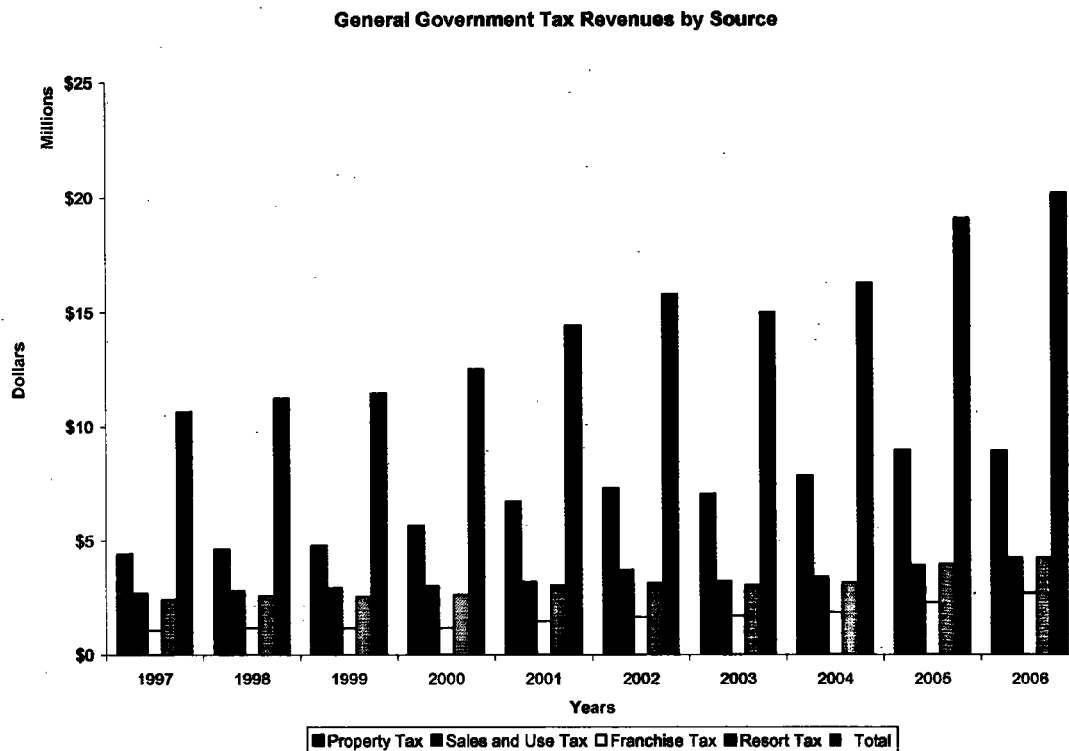
According to the latest statistics by Commercial Real Estate Services, residential lots in Park City range from an average of \$517,000 in the Prospector area to an average of more than \$2,425,000 for lots in Empire Canyon. Recent sales of condominiums in the secondary market indicate a distinct price appreciation. Condominiums range in average price from \$164,651 to \$1,873,894 depending upon location. Depending upon the area, single-family homes range from an average price of \$839,858 to \$5,224,500.

**Long-term Financial Planning:** The fiscal year 2006 ending general fund balance of \$3.1 million (13.7 percent of actual revenue) is \$0.8 million below the State mandated maximum reserve level for cities of 18.0 percent. In addition to the ending general fund balance, the City plans on maintaining a minimum of \$4.0 million in undesignated fund balance in the capital improvements fund. The fiscal year 2006 ending undesignated fund balance for the capital improvements fund was \$6.6 million.

The City's bond rating was upgraded in May 2006 by Moody to Aa2. A bond rating of Aa2 (Aaa is generally the highest rating) indicates that Park City as an issuer offers "excellent financial security." The recently issued Sales Tax Revenue Bond also received a rating of A+ from Standard & Poor's. Both ratings are very high by resort community standards.

**Relevant Financial Policies:** Park City Municipal Corporation is currently experiencing a very healthy economy. In fiscal year 2006, Park City experienced a 9.2 percent increase in general sales and use tax revenue and a 7.5 percent increase in resort tax revenue. In accordance with the Government Finance Officer's Association (GFOA) Recommended Practice, the City's budget policy directs that these potentially one-time revenue increases be dedicated to completing current projects, ensuring the maintenance of existing infrastructure or securing funding for previously-identified needs. The revenues can not be used for new capital projects or programming needs.

Please see the following graph, General Government Tax Revenues by Source, for a ten-year history of property tax, sales and use tax, franchise tax and resort tax collected by the City. Please see Schedule 5 on page 103 of the Statistical Section of this report.



Park City will continue to expect a growing economy in future years. Diversification of resort activities, promoting additional special events, and sound financial policies will all aid in ensuring a thriving economy.

**Major Initiatives:** Park City is currently involved with many water projects in various stages of construction. The Boothill Water Storage Tank is a two million gallon water tank that is currently being constructed. This project is estimated to cost around \$1.8 million and is scheduled for completion in the summer of 2007. Alongside the water storage tank is the Boothill Pump Station project. This pump station is in the design phase and once constructed will help provide greater system flexibility in supplying water to various areas in Park City. The pump station project is estimated to be \$1.9 million. The Park Meadows Well Treatment project has almost been completed and is currently conducting operations. This project involved upgrading and constructing water treatment facilities for water that had been contaminated with surface water. Both the Park Meadows Well Treatment and Boothill Pump Station projects are funded through water revenue bonds and water impact fees. The Boothill Water Storage Tank project is funded through water revenue bonds and water service fees. The Judge Tunnel water treatment project is scheduled for construction in 2007 and has an estimated cost of \$5.1 million. This treatment plant will lessen the turbidity levels for water coming from the Judge Tunnel during the spring runoff.

**Update on Major Projects:** The Quinn's Recreation Complex is nearing completion. The complex includes an ice skating arena and soccer and softball fields. The total anticipated cost is \$12.4 million. The 2007 budget includes approximately \$200,000 of additional funding for the Quinn's Recreation Complex. The soccer and softball fields are expected to be completed in the fall of 2006. The ice rink phase was opened on February 25, 2006.

Reconstruction of Prospect Avenue in accordance with the Old Town Study will soon be underway. The project, which includes the replacement of water and sewer lines, is nearing the end of the formal bid process. Total budgeted expenses for the project are \$1.2 million.

The City is expected to begin construction on the proposed Town Plaza in the spring of 2007. The project will include Swede Alley realignment, a potential post office remodel and construction of an envisioned "shell space" building at the end of the China Bridge parking structure. Total estimated cost for the project is expected to be \$3.8 million. The plaza will be developed in phases, with the construction of the shell space in the first phase.

The City began construction on the Public Safety Facility at Snow Creek on July 27, 2006. The facility will be approximately 23,000 square feet and will house the police and dispatch departments. It will be located just south of the post office on the corner of SR 224 and Snow Creek Drive. The total proposed budget for this project is \$5.4 million. Construction is expected to take approximately thirteen months.

## Awards and Acknowledgements:


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Park City Municipal Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last eighteen consecutive years, fiscal years 1987-2005. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Park City Municipal Corporation also received the Distinguished Budget Presentation Award from the GFOA for the City's adopted budget for the fiscal year ended June 30, 2005. The City has won this award for fiscal years 1992 and 1993 and the bienniums beginning 1993, 1997, 1999, 2001 and 2003. In order to qualify for the award program, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Finance and Accounting Department. We would like to express our appreciation to Wisan, Smith, Racker & Prescott, LLP, certified public accountants, for their professional service and assistance. We would also like to thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully Submitted,

  
Thomas B. Bakaly - City Manager

  
Lori W. Collett - Finance Manager

**PARK CITY MUNICIPAL CORPORATION, UTAH**

Park City Municipal Building  
445 Marsac Avenue  
Park City, Utah 84060

**MAYOR AND CITY COUNCIL AS OF JUNE 30, 2006**

<b>Name</b>	<b>Term Expires</b>
<b>Mayor</b>	
<b>Dana Williams</b> <i>2384 Doc Holiday Drive Park City, Utah 84060</i>	January 2010
<b>Councilors</b>	
<b>Roger Harlan</b> <i>2558 Geronimo Court Park City, Utah 84060</i>	January 2010
<b>Jim Hier</b> <i>2599 Morning Sky Court Park City, Utah 84060</i>	January 2010
<b>Candace Erickson</b> <i>PO Box 3364 2614 Little Kate Road Park City, Utah 84060</i>	January 2008
<b>Marianne Cone</b> <i>PO Box 161 86 Prospect Avenue Park City, Utah 84060</i>	January 2008
<b>Joe Kernan</b> <i>PO Box 680182 1970 Stryker Avenue Park City, Utah 84060</i>	January 2008

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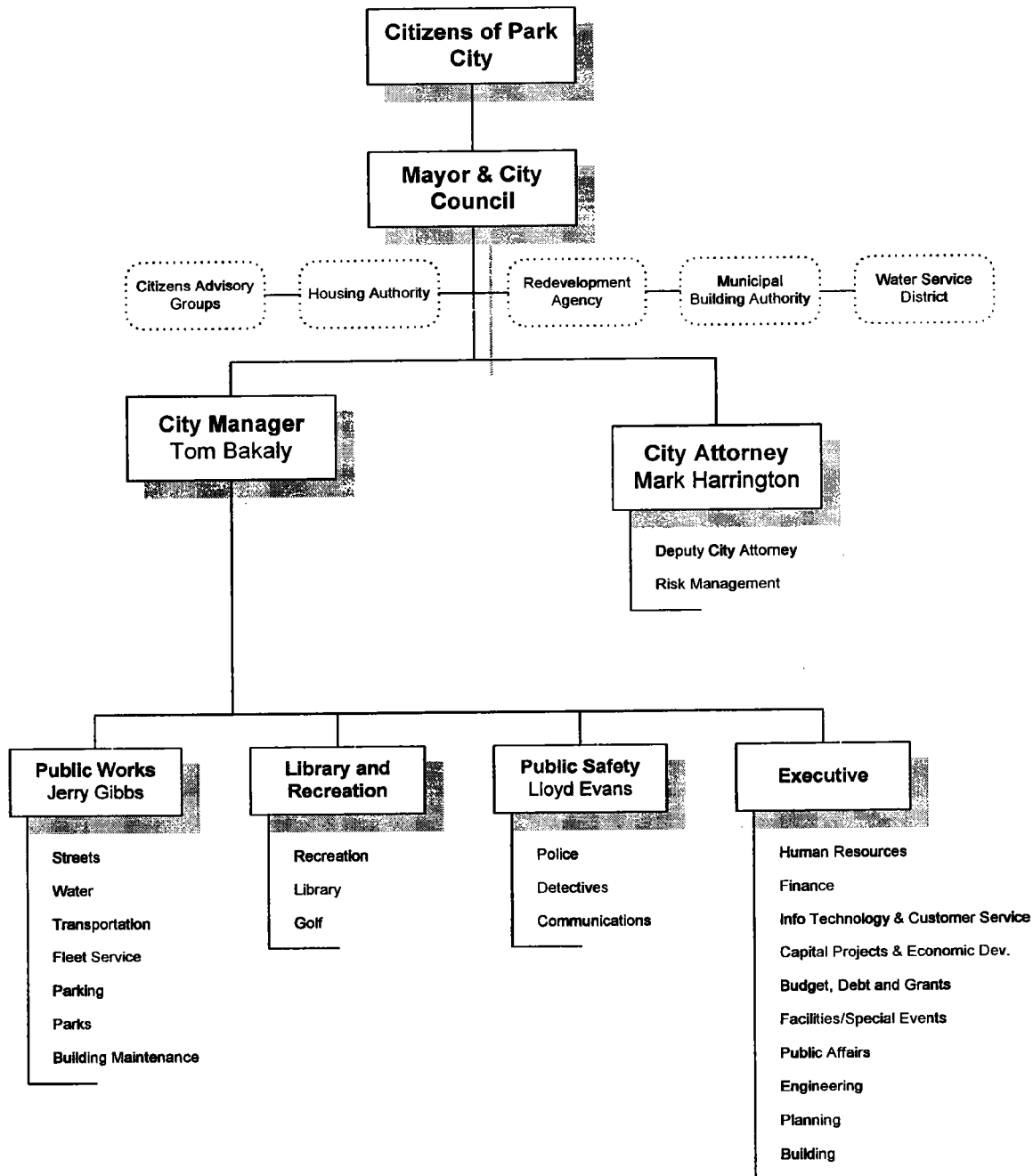
Thomas B. Bakaly, City Manager  
Mark Harrington, City Attorney  
Lori W. Collett, Finance Manager



# ***PARK CITY MUNICIPAL CORPORATION, UTAH***

## **ORGANIZATIONAL CHART**

FY 2005-2006



**The above organizational structure also accurately depicts the Park City Redevelopment Agency and the Park City Municipal Building Authority structure.**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Park City  
Municipal Corporation,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carol E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

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# **FINANCIAL SECTION**

**WISAN, SMITH, RACKER & PRESCOTT, LLP**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation, Utah (the City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation, Utah, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

132 PIERPONT AVENUE, SUITE 250  
SALT LAKE CITY, UTAH 84101  
FAX (801) 328-2015  
(801) 328-2011

MEMBER  
UTAH ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 4 through 20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*William Smith Ruckel & Prescott, LLP*

Salt Lake City, Utah  
November 14, 2006

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**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**June 30, 2006**

The following narrative is presented to facilitate a better understanding of the City's year-end financial position and results of operations for the year ended June 30, 2006. When read in conjunction with the letter of transmittal and the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The City's government-wide net assets (the amount by which assets exceed liabilities) as of June 30, 2006 were \$191,718,243. Of this amount \$51,160,751 (unrestricted net assets) is available to meet ongoing financial obligations.
- The City's government-wide net assets increased by \$13,804,012. Of this amount, business-type activities increased by \$3,526,309, a rise of 8.0 percent, and the governmental activities increased by \$10,277,703 a rise of 7.7 percent when compared to last fiscal year.
- The City's governmental funds reported combined ending fund balance of \$63,222,923 a decrease of \$5,058,184 (7.4 percent) compared to the beginning of year fund balance amount. The decrease in fund balance in comparison to last fiscal year is the net effect of an increase in unreserved, designated fund balance for capital projects combined with the decrease in reserved fund balance for the sales tax revenue and refunding debt service fund and the capital projects fund. Of the combined total fund balance, \$8,605,641 is available for spending at the discretion of the City (unreserved and undesignated fund balance).
- The General Fund is the primary operating fund of the City. The unreserved and undesignated fund balance of the General Fund at June 30, 2006 totaled \$3,120,657 and is 13.7 percent of the General Fund total revenues for the year and 36.3 percent of total governmental unreserved and undesignated fund balance.
- The City's total debt increased by \$94,344 during fiscal year 2006. This represents a 0.1 percent increase over the prior year, which is attributable to the effect of the normal reduction in principal balances from required debt service payments offset by the issuance of \$4,450,000 in water revenue bonds.



## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report includes four parts: 1) the independent auditor's report; 2) this segment, management's discussion and analysis; 3) the basic financial statements; and 4) supplementary information. Within the basic financial statements are two distinct types of financial statements, 1) the government-wide financial statements, and 2) the fund financial statements. The notes to the financial statements are also an integral part of the basic financial statements. The government-wide view of the City's finances is a requirement under Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, which creates a new financial reporting model for all state and local governments, and became effective for the City for fiscal year 2003. Fund financial statements have been reported in the past.

Immediately following the notes to the financial statements, the supplementary information includes balance sheets and income statements for nonmajor governmental funds, internal service funds, as well as other budgetary information.

**Government-wide Financial Statements:** The government-wide financial statements provide a view of City finances as a whole, similar to a private-sector business. These statements include the Statement of Net Assets and the Statement of Activities.

The **Statement of Net Assets** includes all of the City's assets and liabilities, and the resulting difference between the assets and liabilities, or net assets. Net assets (and the related change in net assets from year to year) is probably the most important financial measurement to enable understanding of the financial position of the City, and whether financial position improves or deteriorates each year. To assess the overall health of the City, additional non-financial factors such as changes in the property tax base, the condition of the City's infrastructure, etc. should be considered.

The **Statement of Activities** shows how the City's net assets changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, most revenues are reported when the revenues are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until some time later.

There are two distinct types of activities reflected in the government-wide statements, i.e. governmental activities, and business-type activities. Governmental activities are those supported primarily by taxes and intergovernmental revenues, while business-type activities are those in which all costs (or at least a significant portion of costs) are intended to be recovered through user fees and charges. The governmental activities for

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

Park City Municipal Corporation include General Government (Council, Mayor, City Attorney, Human Resources, Technical & Customer Services, Budget, Debt and Grants, Building, Capital Projects and Economic Development, Planning, Engineering, Special Events and Facilities, Finance, Public Affairs, Quinn's Recreation Complex and Non-departmental); Public Safety (Police); Public Works (Streets, Snow Removal, Parks, Building Maintenance); Library and Recreation. The business-type activities include Water, Transportation and Parking, and Golf.

The Park City Municipal Building Authority, the Park City Redevelopment Agency, the Park City Housing Authority and the Park City Water Service District are chartered under Utah law as separate governmental entities. However, the government-wide financial statements include the financial statements of these entities, since the City Council is the appointed board for all four agencies, and these entities are financially accountable to the City.

The government-wide financial statements can be found on pages 23-26 of this report.

**Fund Financial Statements:** The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which the funds are to be spent as well as by how the activities are to be controlled. The three broad categories of funds are: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, a reconciliation between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided for the reader on pages 30 and 32. The City has three governmental type funds. These are the general fund, the debt service funds and the capital projects funds. Five of these are considered major funds: General Fund, Sales Tax Revenue and Refunding Debt Service Fund, Park City General Obligation Debt Service Fund, Capital Projects Improvement Fund and Lower Park Avenue Redevelopment Agency Capital Projects Improvement Fund. The basic governmental fund financial statements can be found on pages 29-33 of this report. A summary of other funds (nonmajor funds) is combined into one "Other Governmental Funds" column. The composition of the nonmajor funds is shown in combining statements later in the report under the supplementary information section on pages 73-87.

- The **General Fund** is used to account for all financial resources of the City that are not accounted for by a separate specialized fund. More specifically, the general fund is used to account for ordinary operations such as collection of tax revenues and general government expenditures. The City adopts an annual

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

appropriated budget for its general fund. On page 33, a budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- ***Debt Service Funds*** are used to account for the accumulation of resources for the payment of general obligation bonds, special assessment bonds, sales tax revenue and refunding bonds, and tax increment bonds issued by the Main Street and Lower Park Avenue Redevelopment Agencies (RDA). Therefore, this fund is set up to accumulate the capital used to pay both the interest and principal on bond debts.
- ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital improvements. This fund does not account for capital improvements financed by the proprietary funds.

***Proprietary Funds*** provide the same type of information as the government-wide financial statements, only in more detail. The City uses both enterprise funds and internal service funds. The basic proprietary fund financial statements can be found on pages 35-39 of this report.

- ***Enterprise Funds*** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for City-owned water system, a public transportation system (bus and trolley system), paid parking system and golf course.
- ***Internal Service Funds*** are used to account for the central financing of goods or services provided by an internal service fund to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The Fleet Services Fund provides vehicle storage, repair, and maintenance. The Self-Insurance Fund was established to allow the City to supplement its regular insurance coverage. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The combining statements for internal service funds can be found on pages 89-91 of this report.

***Fiduciary Funds*** are used for assets the City receives wherein the City has temporary custody. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The basic fiduciary fund financial statement can be found on page 41 of this report.

**Notes to the financial statements** contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net assets** – The following table presents summary information from the Statement of Net Assets in the basic financial statements for the years ending June 30, 2005 and 2006.

**Park City Municipal Corporation**  
**Comparative Summary of Net Assets**  
(in millions of dollars)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total %</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>Change</b>
Current and other assets	\$ 85.2	\$ 90.2	\$ 19.7	\$ 12.5	\$ 104.9	\$ 102.7	2.1%
Capital assets	116.9	105.7	40.2	40.1	157.1	145.8	7.8%
<b>Total Assets</b>	<b>202.1</b>	<b>195.9</b>	<b>59.9</b>	<b>52.6</b>	<b>262.0</b>	<b>248.5</b>	<b>5.4%</b>
Long-term debt	43.0	46.8	11.6	7.6	54.6	54.4	0.4%
Other liabilities	15.2	15.5	0.5	0.7	15.7	16.2	-3.1%
<b>Total liabilities</b>	<b>58.2</b>	<b>62.3</b>	<b>12.1</b>	<b>8.3</b>	<b>70.3</b>	<b>70.6</b>	<b>-0.4%</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	84.5	81.4	33.9	34.3	118.4	115.7	2.3%
Restricted	13.4	24.5	8.7	3.7	22.1	28.2	-21.6%
Unrestricted	46.0	27.7	5.2	6.3	51.2	34.0	50.6%
<b>Total net assets</b>	<b>\$ 143.9</b>	<b>\$ 133.6</b>	<b>\$ 47.8</b>	<b>\$ 44.3</b>	<b>\$ 191.7</b>	<b>\$ 177.9</b>	<b>7.8%</b>

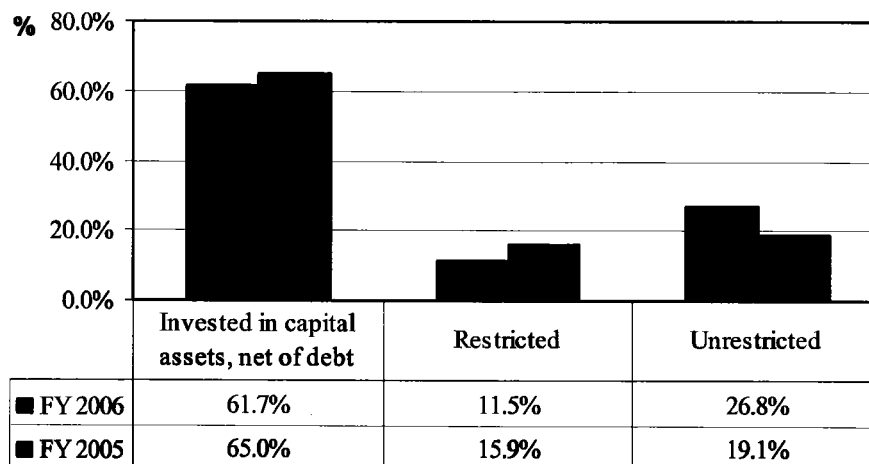
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In fiscal year 2006 the City's assets exceeded liabilities by approximately \$191.7 million (net assets), compared to \$177.9 million in fiscal year 2005. Approximately 61.7 percent in fiscal year 2006 and 65.0 percent in fiscal year 2005 of these amounts are represented by the investment in capital assets, net of debt still outstanding relating to acquisition of those assets (see subsection explaining capital assets and debt below). Due to the nature of these assets (long-term assets which are not readily convertible to liquid assets) they are not considered to be available for spending or appropriation. Further, even though the presentation here shows capital assets net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other resources. The increase in the City's

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

investment in capital assets net of related debt of \$2.7 million was due to routine acquisition of capital assets and repayments of the related debt. Restricted net assets represent resources that are subject to external restrictions on how they may be used. Bond proceeds are restricted for construction of capital assets including open space acquisition, recreation fields, park improvements, public safety facility, parking structure expansion and road improvements. The other sub-classification of net assets is unrestricted. The balance of approximately \$51.2 million in fiscal year 2006 and \$34.0 million in fiscal year 2005 is unrestricted, which denotes that this amount may be used to meet general, on-going financial obligations. This increase from last fiscal year is the result of an increase in ongoing revenues such as property taxes, rate increases and investment earnings.

The following graph depicts the percentage of restricted and unrestricted net assets as discussed above.

**Park City Municipal Corporation**  
**Net Asset Percentage**  
**June 30, 2005 and 2006**



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

**Changes in Net Assets** - As taken from the Statement of Activities in the basic financial statements, the following table depicts the changes in net assets for fiscal years 2005 and 2006.

**Park City Municipal Corporation**  
**Summary of Changes in Net Assets**  
**(in millions of dollars)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Revenues							
Program revenues							
Charges for services	\$ 4.8	\$ 4.2	\$ 8.7	\$ 7.1	\$ 13.5	\$ 11.3	19.5%
Operating grants and contributions	0.2	0.1	-	0.3	0.2	0.4	-50.0%
Capital grants and contributions	2.0	3.4	3.1	4.7	5.1	8.1	-37.0%
General revenues							
Property tax	12.4	12.5	-	-	12.4	12.5	-0.8%
Other taxes	11.2	10.1	2.9	2.7	14.1	12.8	10.2%
Investment earnings	3.0	1.5	0.5	0.3	3.5	1.8	94.4%
Other	2.3	0.3	0.3	0.5	2.6	0.8	225.0%
Total revenues	<u>35.9</u>	<u>32.1</u>	<u>15.5</u>	<u>15.6</u>	<u>51.4</u>	<u>47.7</u>	<u>7.8%</u>
Expenses							
General government	9.8	6.5	-	-	9.8	6.5	50.8%
Public safety	3.6	3.3	-	-	3.6	3.3	9.1%
Public works	7.8	7.7	-	-	7.8	7.7	1.3%
Library & recreation	2.5	2.3	-	-	2.5	2.3	8.7%
Interest on long-term debt	1.9	1.9	-	-	1.9	1.9	0.0%
Water	-	-	5.1	5.6	5.1	5.6	-8.9%
Transportation and parking	-	-	5.7	5.1	5.7	5.1	11.8%
Golf course	-	-	1.2	1.2	1.2	1.2	0.0%
Total expenses	<u>25.6</u>	<u>21.7</u>	<u>12.0</u>	<u>11.9</u>	<u>37.6</u>	<u>33.6</u>	<u>11.9%</u>
Change in net assets	10.3	10.4	3.5	3.7	13.8	14.1	-2.1%
Net assets beginning	<u>133.6</u>	<u>123.2</u>	<u>44.3</u>	<u>40.6</u>	<u>177.9</u>	<u>163.8</u>	<u>8.6%</u>
Net assets ending	<u>\$ 143.9</u>	<u>\$ 133.6</u>	<u>\$ 47.8</u>	<u>\$ 44.3</u>	<u>\$ 191.7</u>	<u>\$ 177.9</u>	<u>7.8%</u>

Net assets increased from governmental activities in fiscal year 2006 approximately \$10.3 million and \$10.4 million in fiscal year 2005. Much of this increase is due to more taxes, charges for services, investment earnings and gain on sale of capital assets. Total expenses increased \$3.9 million during the fiscal year. The general government expense increase of \$3.3 million is the result of increases in personnel, professional consulting and miscellaneous contract services. In addition, the City opened the Quinn's Recreation Complex Ice Skating Arena in February 2006, and the expenses for operations of the arena are included in general government.

Net assets increased \$3.5 million in fiscal year 2006 and \$3.7 million in 2005 for business-type activities. The revenues and the expenses overall for the business-type activities stayed the same. The charges for services increased \$1.6 million because of increased water service fees, golf fees and regional transit revenue. However, this increase was offset by a decrease in operating and capital grants and contributions of \$1.9 million.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

**Revenue** – For the year ended June 30, 2006, the City's government-wide total revenues are approximately \$51.4 million as compared to the prior year total revenues of \$47.7 million. Key elements of this change were as follows:

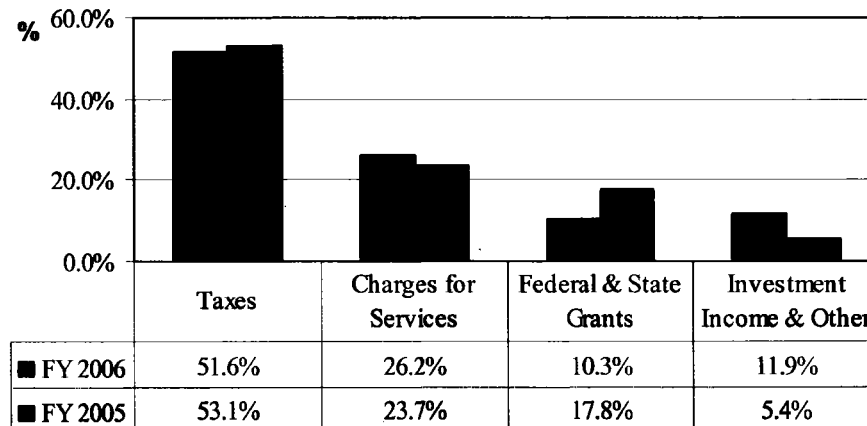
- Of the City's total revenues, approximately 51.6 percent in fiscal year 2006 and 53.1 percent in fiscal year 2005 resulted from taxes (a little under half of which is from property taxes) as shown in the following table (amount in millions):

	<b>Government-wide Tax Revenues</b>		<b>Total % Change</b>
	<b><u>2006</u></b>	<b><u>2005</u></b>	
Property tax, levied for general purposes	\$ 10.2	\$ 10.8	-5.6%
Property tax, levied for debt service	2.2	1.7	29.4%
General sales and use tax	7.1	6.5	9.2%
Franchise tax	2.7	2.3	17.4%
Resort tax	4.3	4.0	7.5%
<b>Total</b>	<b><u>\$ 26.5</u></b>	<b><u>\$ 25.3</u></b>	<b><u>4.7%</u></b>

- Charges for services increased from 23.7 percent of total revenues in fiscal year 2005 to 26.2 percent in fiscal year 2006. This is due to increased collection of building fees, recreational service fees, water service fees, golf fees and regional transit revenue. Due to the opening of the Quinn's Recreation Complex Ice Skating Arena in February 2006, approximately four months of revenue from the operation of the facility is included in charges for services.
- Operating and capital contributions and grants decreased to 10.3 percent of total revenues in fiscal year 2006 as compared to 17.8 percent in fiscal year 2005. This was a result of decreased federal grant funds obtained by the City offset by an increase in infrastructure contributed by developers.
- Investment income, which is a combination of interest earnings and change in fair value of investments, and other miscellaneous income sources increased to 11.9 percent of total revenues in fiscal year 2006 from 5.4 percent in fiscal year 2005. Investment income increased \$1.7 million due to rising interest rates. The City sold land that resulted in a gain of \$1.1 million in fiscal year 2006.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

**Government-Wide Revenues by Source**  
**June 30, 2005 and 2006**



**Expense** - The City's government-wide total expenses cover a range of services. For the year ended June 30, 2006 the City's total expenses are \$37.6 million compared to the prior year of \$33.6 million. Of the \$4.0 million increase, \$3.3 million was for general government, \$0.3 million for public safety, \$0.1 million for public works, \$0.2 million for library and recreation and a net increase of \$0.1 million in business-type activities.

**Governmental Activities:**

**Revenue Highlights:**

- Taxes comprise the largest source of revenue for the City's governmental activities: Approximately \$23.6 million or 66.0 percent in fiscal year 2006 and \$22.6 million or 70.5 percent in fiscal year 2005 of total revenues from governmental activities. The \$1.0 million increase is the net of a \$0.1 million decrease in general property tax combined with a \$0.5 million increase in property tax levied for debt services and a \$0.6 million increase in franchise taxes. Of total taxes, real property taxes are approximately \$12.4 million (52.5 percent) in fiscal year 2006 and \$12.5 million (55.1 percent) in fiscal year 2005.
- Charges for services increased to \$4.8 million or 13.4 percent of total revenues in fiscal year 2006 from \$4.2 million or 13.2 percent of total revenues in fiscal year 2005. Most of the increase in 2006 was a result of collecting more in building permits, plan application fees, building fees, impact fees and recreational service fees.
- Grant and contribution revenue represents approximately \$2.2 million or 6.1 percent in fiscal year 2006 and \$3.5 million or 10.6 percent in fiscal year 2005 of total revenues. The \$1.3 million decrease was primarily the result of a \$2.0 million cash contribution received in fiscal year 2005 but not 2006 offset by an increase in contributed infrastructure from \$0.8 million in fiscal year 2005 to \$1.3 million in 2006.



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

*Expense Highlights:*

- General government expenses of approximately \$9.8 million in fiscal year 2006 and \$6.5 million in fiscal year 2005 represented 38.3 percent in fiscal year 2006 and 30.0 percent in fiscal year 2005 of total expenses from governmental activities. General government includes City Council, Mayor, Legal, Special Events and Facilities, Human Resources, Technical Services, Budget, Debt and Grants, Capital Projects, Finance, Public Affairs, Planning, Engineering, Building, Quinn's Recreation Complex and Non-departmental.
- Public Works, accounted for approximately \$7.8 million or 30.4 percent in fiscal year 2006 and \$7.7 million or 35.4 percent in fiscal year 2005 of total expenses. The \$0.1 million increase in expenses in 2006 was primarily a result of increased snow removal from an unusually harsh winter including increased personnel costs due to overtime.
- Public Safety expenses were a little over \$3.6 million or 14.1 percent in fiscal year 2006 and \$3.3 million or 15.2 percent in fiscal year 2005. This increase was due to a fully staffed public safety department, increased differential time (increased pay rates for working afternoon or graveyard shifts), equipment and vehicle purchases.

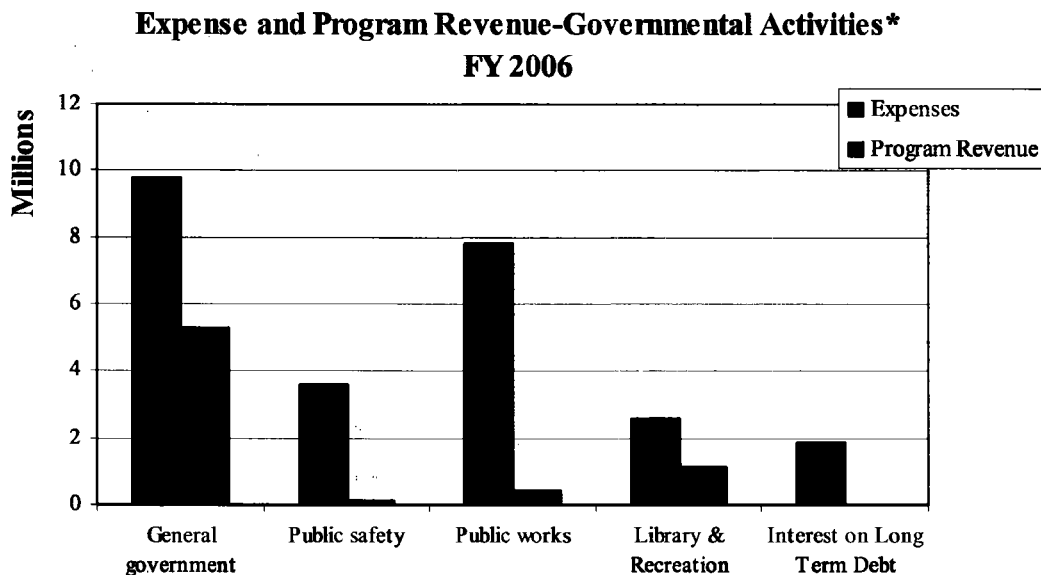
As a result, total net expenses that were funded by general revenues were \$18.7 million. Tax revenues of \$23.6 million were sufficient to fund net expenses in fiscal year 2006.

The following presents the costs and net costs (total cost less fees generated by the activities and intergovernmental aid) of the City's programs:

**Park City Municipal Corporation**  
**Costs of Governmental Activities**  
**(in millions of dollars)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>		<b>Total % Change</b>
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	
General government	\$ 9.8	\$ 6.5	\$ 4.5	\$ 0.2	2150.0%
Public safety	3.6	3.3	3.5	3.2	9.4%
Public works	7.8	7.7	7.4	7.4	0.0%
Library & recreation	2.5	2.3	1.4	1.4	0.0%
Interest on long term debt	1.9	1.9	1.9	1.9	0.0%
<b>Total</b>	<b>\$ 25.6</b>	<b>\$ 21.7</b>	<b>\$ 18.7</b>	<b>\$ 14.1</b>	<b>32.6%</b>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**



\*Based on Government-Wide Financial Statements. See page 25

**Business-type Activities:**

The City's business-type activities increased net assets by \$3.5 million. Key elements of this increase were as follows:

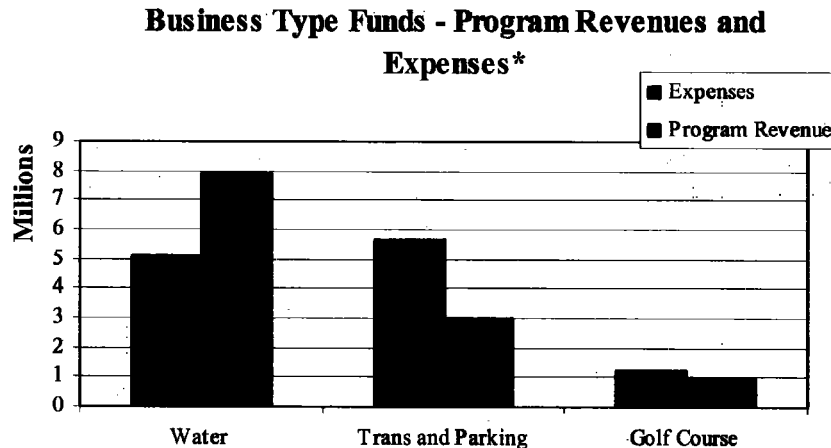
***Revenue Highlights:***

- Charges for services for business-type activities increased approximately \$1.6 million in fiscal year 2006. The \$0.3 million increase in transportation charges for services is from an increase in City parking fines and regional transit revenue. The City transit department provides bus service to locations outside the Park City limits in accordance with a regional transit agreement with Summit County. Summit County pays the City for these transit services. In fiscal year 2006, bus routes outside the City were expanded resulting in increased revenue.
- A \$1.3 million increase in the water fund charges for services was due to increased water service fees which went into effect July 1, 2005.
- Operating and capital grants and contributions decreased by \$1.9 million from fiscal year 2005 to fiscal year 2006. This decrease was a combination of \$0.1 million decrease in capital contributions to the water fund as a result of decreased developer donated assets and a \$1.8 million decrease in the receipt of federal grant funds by the transit fund.
- General sales and use tax increased by \$0.2 million for business-type activities because of an overall increase in tourism resulting in increased sales tax revenue.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

*Expense Highlights:*

- Salaries and benefits increased by \$0.2 million in 2006. The transportation fund accounted for this increase due to the recruitment of additional bus drivers and overtime to accommodate the increase in regional transit bus routes.
- Energy and utilities increased by \$0.2 million in fiscal year 2006. The transportation fund accounted for more than \$0.1 million increase in energy and utilities as a result of increased diesel fuel prices and expanded regional transit bus routes.



\*See Page 25

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources available for appropriation. Such information is useful in assessing the City's financing requirements. In particular, unreserved, undesignated fund balance is a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2006 the aggregate fund balance of the City's governmental funds was \$63.2 million, a decrease of \$5.1 million in comparison with the fiscal year ended June 30, 2005. Approximately \$8.6 million or 13.6 percent in fiscal year 2006 and \$13.0 or 19.1 percent in fiscal year 2005 of this amount is unreserved, undesignated fund balance, which is available for appropriation by the City Council at their discretion. The remainder of the fund balance is either reserved or designated and is not available for new spending because it has already been committed to the following: \$1.2 million for debt service on the City's outstanding bonds and \$53.4 million for capital improvements.

The \$4.4 million decrease in the unreserved, undesignated fund balance for the City's governmental funds is primarily attributed to decreased fund balance in the general fund and sales tax revenue and refunding debt service fund. The decrease was primarily due to moving the funds to unreserved, designated for capital projects in accordance with the City's budget.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

The general fund is the principal operating fund of the City. Utah State code establishes a 5.0 percent minimum (\$1,088,192) and an 18.0 percent maximum (\$3,917,492) limit to the amount that may be accumulated as the fund balance in the general fund. As of June 30, 2006 the unreserved, undesignated fund balance of the general fund was \$3,120,657 and was \$796,835 below the 18.0 percent limit. The unreserved, undesignated fund balance decreased by \$96,122 in 2006 as compared to an increase of \$224,715 in fiscal year 2005.

As of June 30, 2006 the unreserved, undesignated fund balance in the capital improvements fund was \$6.6 million. The unreserved, undesignated fund balance increased by \$1.2 million from fiscal year 2005. In 2006, a transfer of \$6.5 million was made from the general fund to the capital improvements fund which increased designated fund balance for capital projects in accordance with the City's budget.

As of June 30, 2006 the unreserved, undesignated fund balance in the Lower Park Avenue Redevelopment Agency capital projects fund was \$3.2 million. The unreserved, undesignated fund balance increased by a net amount of approximately \$0.4 million as compared with an increase of \$0.3 million in fiscal year 2005. The increase in fiscal year 2006 is a result of increased property tax collections and investment income combined with a decrease in transfers out.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the City's enterprise funds totaled approximately \$47.8 million in fiscal year 2006 as compared to \$44.3 million at the end of fiscal year 2005. Net assets at the end of fiscal year 2005 and 2006 for each of these funds were:

**Park City Municipal Corporation**  
**Proprietary Funds**

<u>Fund</u>	<u>Amount</u>		<u>Change</u>
	<u>2006</u>	<u>2005</u>	
Water	\$ 27,454,344	\$ 24,482,131	\$ 2,972,213
Transportation and parking	17,731,020	17,226,952	504,068
Golf course	2,645,613	2,546,679	98,934
<b>Total</b>	<u>\$ 47,830,977</u>	<u>\$ 44,255,762</u>	<u>\$ 3,575,215</u>

The net increase in net assets from the prior year was \$3.6 million as compared to an increase of \$3.6 million in fiscal year 2005. The increase in the water fund invested in capital assets net of related debt was due to acquisition of capital assets and repayments of the related debt. Operating revenues increased in all funds. The water fund operating revenues increased \$1.3 million accounting for most of the increase. Effective July 1, 2005 the water service rates increased by 4.0 percent.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

Transportation fund net assets invested in capital assets net of related debt decreased by \$0.8 million primarily due to fiscal year 2006 depreciation expense and asset additions net of disposals. Unrestricted net assets increased approximately \$1.3 million due to increased sales tax revenue because of an increase in tourism in 2006. Golf fund unrestricted net assets increased by a little over \$0.1 million because of increased charges for services and miscellaneous revenue.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget for expenditures of \$258,431 (net increase) can be briefly summarized as follows:

- \$131,826 decrease in general government
- \$165,566 increase in public safety
- \$144,170 increase in public works
- \$80,521 increase in library and recreation

Final budgeted revenues of \$21,043,335 were less than actual revenues of \$22,797,211 by \$1,753,876, and actual expenditures of \$17,001,125 were under budgeted amounts of \$18,233,647 by \$1,232,522. All departments kept within their legal spending authority. See Note L on page 67 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities totaled \$157.1 million (net of \$101.3 million accumulated depreciation) at June 30, 2006 as compared to \$145.8 million (net of \$95.1 million accumulated depreciation) at June 30, 2005. This investment in capital assets includes land and water rights, buildings, improvements other than buildings, vehicles and equipment, art, infrastructure and construction in progress.

Major capital asset additions during the year ended June 30, 2006 included:

*Governmental Activities:*

- \$6.0 million for Quinn's Recreation Complex Ice Skating Facility
- \$6.0 million for addition to the China Bridge parking structure
- \$0.9 million for artificial turf at Quinn's Recreation Complex soccer and softball fields

*Business-type Activities:*

- \$2.0 million for Spiro Water Plant, stage two upgrade
- \$0.3 million for water lines within Quinn's Recreation Complex

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

**Park City Municipal Corporation**  
**Capital Assets**  
**(net of accumulated depreciation, in millions of dollars)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total %</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>Change</u>
Land and water rights	\$ 63.9	\$ 63.2	\$ 6.9	\$ 6.9	\$ 70.8	\$ 70.1	1.0%
Infrastructure	84.3	80.6	-	-	84.3	80.6	4.6%
Buildings	20.0	7.7	6.7	6.6	26.7	14.3	86.7%
Art	0.3	0.2	0.1	0.1	0.4	0.3	33.3%
Improvements other than buildings	15.3	14.9	38.9	35.9	54.2	50.8	6.7%
Vehicles and equipment	7.5	7.3	9.6	9.7	17.1	17.0	0.6%
Construction in progress	1.7	3.6	3.2	4.2	4.9	7.8	-37.2%
Accumulated depreciation	(76.1)	(71.8)	(25.2)	(23.3)	(101.3)	(95.1)	6.5%
<b>Total Assets</b>	<u>\$ 116.9</u>	<u>\$ 105.7</u>	<u>\$ 40.2</u>	<u>\$ 40.1</u>	<u>\$ 157.1</u>	<u>\$ 145.8</u>	<u>7.8%</u>

Additional information on the City's capital assets can be found in Note D-Capital Assets on pages 53-54 of this report.

**Long-term Debt:** At June 30, 2006 the City had \$53.9 million in bonds and contracts payable, an increase of 0.1 percent from fiscal year 2005. Of this amount \$18.7 million is considered to be general obligation debt and backed by the full faith and credit of the City. Debt that is secured solely by specific revenue sources is \$35.3 million. New debt issued during 2006 included \$4.5 million in water revenue bonds. Proceeds of the bonds are for the construction of water system infrastructure.

The City's general obligation bonds are rated Aa2 by Moody's and AA- by Standard & Poor's and Fitch. Standard & Poor's has assigned a rating of "A+" to the Series 2005 Sales Tax Bonds. The City's revenue bonds are rated A1 by Moody's and A- by Standard & Poor's.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

The City's long-term obligations for the fiscal years 2006 and 2005 were as follows:

**Park City Municipal Corporation**  
**Debt Outstanding**  
**(in millions of dollars)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total %</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>Change</u>
Contracts payable	\$ 0.7	\$ 0.8	\$ -	\$ -	\$ 0.7	\$ 0.8	-12.5%
Note payable	-	-	0.06	0.09	0.06	0.09	-33.3%
General obligation bonds	18.6	19.9	-	-	18.6	19.9	-6.5%
Revenue bonds	23.2	25.6	11.3	7.4	34.5	33.0	4.5%
<b>Total Assets</b>	<b>\$ 42.5</b>	<b>\$ 46.3</b>	<b>\$ 11.4</b>	<b>\$ 7.5</b>	<b>\$ 53.9</b>	<b>\$ 53.8</b>	<b>0.1%</b>

The State of Utah mandates a general obligation debt limit to 4.0 percent of total assessed value of \$3,761,216,189. The current limitation for the City is \$150,448,648, which is significantly in excess of the City's outstanding general obligation debt. The City's net debt subject to this limitation was \$18,570,000 or 0.5 percent of total assessed value leaving the amount available for future indebtedness at \$131,878,648. See Schedule 15 on page 113 of this report.

More detailed information about the City's long-term liabilities is presented in Note E-Long-term Obligations on pages 55-63 of this report.

### **ECONOMIC FACTORS**

- The unemployment rate for Summit County (of which Park City is the largest city) was 3.0 percent compared with the state unemployment rate of 3.4 percent, and a national rate of 4.8 percent. This compares with a rate of 5.3 percent for Summit County in 2005. (Sources: Utah Dept of Workforce Services)
- The fiscal year 2007 City budget does not include a property tax increase. The City Council recently adopted the certified tax rate for the General Fund. In accordance with Utah Statutes, the certified tax rate is intended to generate the same amount of property tax revenue as was received the prior year plus revenue for "new growth" occurring in the City. All other revenue sources have been estimated on a conservative basis using a multi-year trend analysis and assuming no significant changes in the local economy. The City's approach to budgeting includes preparation of a five-year capital plan. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions. One of the most powerful aspects of the multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of the City.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), Continued**  
**June 30, 2006**

- The rates and fees for most services remained constant for fiscal year 2007 compared with the fiscal year just ended except that water user rates were increased by 4.0 percent in the water fund effective June 2006. The City anticipates rate increases each year over approximately the next five years in order to provide adequate working capital necessary to maintain the water system, pay debt service and comply with the rate-covenant contained in the City's water revenue bond issue.

**Contacting City Management**

This financial report is designed to give its readers a general overview of the City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to Park City Municipal Corporation, Finance and Accounting Department at P.O. Box 1480, Park City, Utah 84060-1480.



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**Park City Municipal Corporation**



# **BASIC FINANCIAL STATEMENTS**

**Park City Municipal Corporation, Utah**  
**Statement of Net Assets**  
**June 30, 2006**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash, cash equivalents and investments held by city	\$ 54,666,171	\$ 9,321,272	\$ 63,987,443
Cash and investments held by fiscal agent	10,166,911	6,695,077	16,861,988
Receivables			
Taxes	12,763,566	-	12,763,566
Accounts	813,890	752,701	1,566,591
Notes receivable	1,626,416	-	1,626,416
Internal balances	3,562	(3,562)	-
Inventories	188,299	313,878	502,177
Prepays	-	421,824	421,824
Cash-restricted	3,615,314	2,037,273	5,652,587
Land and building held for resale	763,038	-	763,038
Capital assets not being depreciated:			
Land and water rights	63,868,755	6,917,154	70,785,909
Construction in progress	1,728,341	3,175,487	4,903,828
Art	281,837	109,214	391,051
Capital assets (net of accumulated depreciation):			
Buildings	16,494,955	4,445,910	20,940,865
Improvements other than buildings	4,385,041	21,899,511	26,284,552
Vehicles and equipment	1,685,369	3,677,518	5,362,887
Infrastructure	28,479,082	-	28,479,082
Unamortized bond issuance costs	552,574	131,764	684,338
<b>Total assets</b>	<b>\$ 202,083,121</b>	<b>\$ 59,895,021</b>	<b>\$ 261,978,142</b>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Statement of Net Assets**  
**June 30, 2006**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,602,490	\$ 454,386	\$ 2,056,876
Accrued liabilities	570,051	49,471	619,522
Deposits	400,000	25,000	425,000
Unearned revenue	12,605,196	-	12,605,196
Long-term debt due within one year:			
Note payable	-	58,400	58,400
Compensated absences	246,707	46,531	293,238
Contract payable	48,520	-	48,520
General obligation bonds	1,395,000	-	1,395,000
Revenue bonds	2,260,000	519,000	2,779,000
Long-term debt due in more than one year:			
Compensated absences	169,710	58,818	228,528
Contract payable	637,889	-	637,889
General obligation bonds	17,276,229	-	17,276,229
Revenue bonds	20,980,501	10,856,000	31,836,501
<b>Total liabilities</b>	<b>58,192,293</b>	<b>12,067,606</b>	<b>70,259,899</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	84,556,119	33,886,798	118,442,917
Restricted for:			
Debt service	690,100	834,124	1,524,224
Water development	-	2,037,273	2,037,273
Capital projects	12,692,125	5,860,953	18,553,078
Unrestricted	45,952,484	5,208,267	51,160,751
<b>Total net assets</b>	<b>\$143,890,828</b>	<b>\$ 47,827,415</b>	<b>\$191,718,243</b>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 9,793,758	\$ 3,605,851	\$ 142,941	\$ 1,559,483	\$ (4,485,483)
Public safety	3,614,976	4,625	48,029	42,685	(3,519,637)
Public works	7,806,325	54,660	-	345,074	(7,406,591)
Library and recreation	2,569,725	1,078,903	833	46,992	(1,442,997)
Interest on long-term debt	1,864,527	-	-	-	(1,864,527)
Total governmental activities	25,649,311	4,744,039	191,803	1,994,234	(18,719,235)
Business-type activities:					
Water	5,126,182	5,314,807	-	2,607,015	2,795,640
Transportation and parking	5,664,315	2,535,187	-	465,537	(2,663,591)
Golf course	1,197,417	896,091	-	27,000	(274,326)
Total business-type activities	11,987,914	8,746,085	-	3,099,552	(142,277)
Total primary government	\$ 37,637,225	\$ 13,490,124	\$ 191,803	\$ 5,093,786	\$ (18,861,512)

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Changes in net assets:			
Net (expense) revenue	\$ (18,719,235)	\$ (142,277)	\$ (18,861,512)
General revenues:			
Taxes:			
Property tax, levied for general purposes	10,235,875	-	10,235,875
Property tax, levied for debt service	2,211,909	-	2,211,909
General sales and use tax	4,268,697	2,871,465	7,140,162
Franchise tax	2,715,184	-	2,715,184
Resort tax	4,261,186	-	4,261,186
Investment earnings	2,976,800	465,996	3,442,796
Miscellaneous	1,275,609	331,125	1,606,734
Gain on sale of capital assets	1,051,678	-	1,051,678
Total general revenues	<u>28,996,938</u>	<u>3,668,586</u>	<u>32,665,524</u>
Change in net assets	10,277,703	3,526,309	13,804,012
Net assets—beginning	<u>133,613,125</u>	<u>44,301,106</u>	<u>177,914,231</u>
Net assets—ending	<u>\$ 143,890,828</u>	<u>\$ 47,827,415</u>	<u>\$ 191,718,243</u>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation**

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# **GOVERNMENTAL FUND**

## **FINANCIAL STATEMENTS**

### **Major Funds**

**General Fund** - Accounts for all activities not accounted for by other funds of the City. The General Fund accounts for the normal recurring activities of the City, (i.e., police, public works, library, recreation, general government, etc.). The principal sources of revenue for this fund are property taxes, sales and use taxes and franchise taxes.

**Sales Tax Revenue and Refunding Bonds Debt Service Fund** - Accounts for the accumulation of money for the repayment of the 2005A and 2005B Sales Tax Revenue and Refunding Bonds.

**Park City General Obligation Debt Service Fund** - Accounts for the accumulation of money for the repayment of the 1999, 2000, 2003 and 2004 General Obligation Bonds. The principal source of revenue is property tax.

**Capital Improvements Fund** - Accounts for the construction of major capital projects not accounted for in the proprietary funds. The Capital Improvements Fund is used to account for capital projects of the City's general government.

**Lower Park Avenue Redevelopment Agency Capital Projects Fund** - Accounts for capital projects in the Lower Park Avenue Redevelopment area.



**Park City Municipal Corporation, Utah**  
**Balance Sheet - Governmental Funds**  
**June 30, 2006**

	General	Debt Service -Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects - Improvements Fund	Capital Projects - Lower Park Avenue Redevelop- ment Agency	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash, cash equivalents and investments held by city	\$ 3,493,023	\$ -	\$ 436,235	\$ 36,590,521	\$ 5,177,809	\$ 5,555,646	\$ 51,253,234
Cash and investments held by fiscal agent	-	8,021,132	-	-	-	2,145,779	10,166,911
Receivables							
Taxes	6,678,335	-	2,053,046	-	2,227,898	1,300,000	12,259,279
Accounts	134,422	-	-	182,889	14,863	24,426	356,600
Notes receivable	11,444	-	-	1,614,972	-	-	1,626,416
Due from other fund	-	-	-	6,232,622	-	-	6,232,622
Inventories	25,921	-	-	-	-	-	25,921
Cash-restricted	-	-	-	3,615,314	-	-	3,615,314
Land and building held for resale	-	-	-	763,038	-	-	763,038
<b>Total assets</b>	<b>\$ 10,343,145</b>	<b>\$ 8,021,132</b>	<b>\$ 2,489,281</b>	<b>\$ 48,999,356</b>	<b>\$ 7,420,570</b>	<b>\$ 9,025,851</b>	<b>\$ 86,299,335</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 266,530	\$ -	\$ -	\$ 1,262,348	\$ -	\$ -	\$ 1,528,878
Accrued liabilities	683,300	-	-	-	-	-	683,300
Due to other fund	-	6,232,622	-	-	-	-	6,232,622
Deposits	-	-	-	-	-	400,000	400,000
Deferred revenue	6,272,658	-	2,053,046	2,378,010	2,227,898	1,300,000	14,231,612
<b>Total liabilities</b>	<b>7,222,488</b>	<b>6,232,622</b>	<b>2,053,046</b>	<b>3,640,358</b>	<b>2,227,898</b>	<b>1,700,000</b>	<b>23,076,412</b>
<b>Fund balances</b>							
Reserved for:							
Capital projects	-	8,015,584	-	3,615,314	-	-	11,630,898
Debt service	-	5,548	-	-	-	-	5,548
Nonmajor debt service funds-capital projects	-	-	-	-	-	1,061,227	1,061,227
Nonmajor debt service funds-debt service	-	-	-	-	-	684,552	684,552
Unreserved, designated for, reported in:							
Capital projects funds	-	-	-	35,147,879	2,040,371	-	37,188,250
Debt service fund	-	-	436,235	-	-	-	436,235
Nonmajor capital projects funds	-	-	-	-	-	3,551,772	3,551,772
Nonmajor debt service funds	-	-	-	-	-	58,800	58,800
Unreserved, undesignated reported in:							
General fund	3,120,657	-	-	-	-	-	3,120,657
Capital projects funds	-	-	-	6,595,805	3,152,301	-	9,748,106
Debt service funds	-	(6,232,622)	-	-	-	-	(6,232,622)
Nonmajor capital projects funds	-	-	-	-	-	1,856,919	1,856,919
Nonmajor debt service funds	-	-	-	-	-	112,581	112,581
<b>Total fund balances</b>	<b>3,120,657</b>	<b>1,788,510</b>	<b>436,235</b>	<b>45,358,998</b>	<b>5,192,672</b>	<b>7,325,851</b>	<b>63,222,923</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,343,145</b>	<b>\$ 8,021,132</b>	<b>\$ 2,489,281</b>	<b>\$ 48,999,356</b>	<b>\$ 7,420,570</b>	<b>\$ 9,025,851</b>	<b>\$ 86,299,335</b>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2006**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 63,222,923**

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 116,923,380

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.

Taxes receivable	504,287	
Interest receivable	<u>383,686</u>	887,973

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets. 3,549,529

Certain items not accounted for as deferred under accrual accounting. 1,626,416

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Compensated absences	(80,742)	
Revenue bonds	(23,190,000)	
General obligation bonds	(18,570,000)	
Contracts payable	(686,409)	
Unamortized bond issue costs	552,574	
Deferred bond premium	(151,730)	
Accrued interest on the bonds	<u>(193,086)</u>	<u>(42,319,393)</u>

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 143,890,828**

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2006**

	General	Debt Service - Sales Tax Revenue and Refunding	Debt Service - Park City General Obligation	Capital Projects Capital Improvements Fund	Capital Projects Lower Park Avenue Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes and special assessments	\$ 17,975,894	\$ -	\$ 2,211,909	\$ -	\$ 2,227,898	\$ 1,300,000	\$ 23,715,701
Licenses and permits	2,250,004	-	-	-	-	-	2,250,004
Intergovernmental	179,014	-	-	754,541	-	-	933,555
Charges for services	1,375,512	-	-	-	-	-	1,375,512
Fines and forfeitures	28,622	-	-	-	-	-	28,622
Investment income	583,480	526,290	212,223	1,265,049	200,793	188,965	2,976,800
Impact fees	-	-	-	1,089,901	-	-	1,089,901
Rental and other miscellaneous	404,685	-	-	764,117	9,284	37,936	1,216,022
<b>Total revenues</b>	<b>22,797,211</b>	<b>526,290</b>	<b>2,424,132</b>	<b>3,873,608</b>	<b>2,437,975</b>	<b>1,526,901</b>	<b>33,586,117</b>
<b>Expenditures</b>							
<b>Current</b>							
General government	7,201,245	-	-	-	-	-	7,201,245
Public safety	3,509,959	-	-	-	-	-	3,509,959
Public works	4,021,580	-	-	-	-	-	4,021,580
Library and recreation	2,268,341	-	-	-	-	-	2,268,341
Capital outlay	-	-	-	17,004,861	1,230,414	901,768	19,137,043
<b>Debt service</b>							
Principal retirement	-	1,130,000	1,345,000	45,134	-	1,300,000	3,820,134
Interest	-	837,355	825,724	-	-	234,816	1,897,895
<b>Total expenditures</b>	<b>17,001,125</b>	<b>1,967,355</b>	<b>2,170,724</b>	<b>17,049,995</b>	<b>1,230,414</b>	<b>2,436,584</b>	<b>41,856,197</b>
Excess revenues over (under) expenditures	5,796,086	(1,441,065)	253,408	(13,176,387)	1,207,561	(909,683)	(8,270,080)
<b>Other financing sources (uses)</b>							
Proceeds from sale of assets	-	-	-	1,021,910	-	60,988	1,082,898
Transfers in	1,532,443	2,023,651	-	21,646,212	-	1,990,000	27,192,306
Transfers out	(7,424,651)	(14,867,667)	(269,058)	(628,302)	(670,000)	(1,203,630)	(25,063,308)
<b>Total other financing sources (uses)</b>	<b>(5,892,208)</b>	<b>(12,844,016)</b>	<b>(269,058)</b>	<b>22,039,820</b>	<b>(670,000)</b>	<b>847,358</b>	<b>3,211,896</b>
<b>Net change in fund balances</b>	<b>(96,122)</b>	<b>(14,285,081)</b>	<b>(15,650)</b>	<b>8,863,433</b>	<b>537,561</b>	<b>(62,325)</b>	<b>(5,058,184)</b>
<b>Fund balances - beginning</b>	<b>3,216,779</b>	<b>16,073,591</b>	<b>451,885</b>	<b>36,495,565</b>	<b>4,655,111</b>	<b>7,388,176</b>	<b>68,281,107</b>
<b>Fund balances - ending</b>	<b>\$ 3,120,657</b>	<b>\$ 1,788,510</b>	<b>\$ 436,235</b>	<b>\$ 45,358,998</b>	<b>\$ 5,192,672</b>	<b>\$ 7,325,851</b>	<b>\$ 63,222,923</b>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2006**

**Net change in fund balances—total governmental funds** **\$ (5,058,184)**

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	14,942,199	
Depreciation expense	<u>(4,691,648)</u>	10,250,551

Contributions of capital assets are not recorded in the fund financial statements. 1,252,482

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources.

Eliminate proceeds of sale of assets	(1,082,898)	
Recognize gain (loss) on sale of assets	<u>1,051,678</u>	(31,220)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes receivable	14,918	
Interest receivable	59,104	
Deferred revenue	<u>(51,256)</u>	22,766

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments on long-term debt	3,820,134	
Amortization of issuance costs	(84,959)	
Amortization of bond premium	<u>13,971</u>	3,749,146

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable	88,234	
Compensated absences	<u>(54,090)</u>	34,144

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. Internal service fund net income of \$9,038 less amount allocated to business-type activities (\$3,562) and reversal of prior year allocation \$45,344 net of depreciation expense of \$74 included in depreciation expense above.

58,018

**Change in net assets of governmental activities**

**\$ 10,277,703**

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
General property tax	\$ 6,600,000	\$ 6,600,000	\$ 6,391,025	\$ (208,975)
Delinquent prior years' taxes	265,000	265,000	339,802	74,802
General sales and use taxes	3,300,000	4,100,000	4,268,697	168,697
Franchise taxes	1,583,375	2,120,000	2,715,184	595,184
Resort taxes	3,000,000	4,100,000	4,261,186	161,186
Licences and permits				
Business licenses	15,500	15,500	21,691	6,191
Building permits	775,000	1,060,800	1,196,853	136,053
Plan application fees	55,000	237,500	310,395	72,895
Building fees	300,000	475,000	651,014	176,014
Other	20,500	40,000	70,051	30,051
Intergovernmental				
State liquor allotment	32,000	32,000	41,783	9,783
Special district contribution	75,000	75,000	45,000	( 30,000)
State contributions	-	-	6,246	6,246
County contributions	-	85,985	85,985	-
Federal contribution	30,000	-	-	-
Charges for services				
Recreational service fees	969,050	1,018,550	1,219,969	201,419
Reimbursable services	50,000	50,000	100,661	50,661
Cemetery fees and plot sales	8,500	27,250	54,660	27,410
Miscellaneous services	46,000	3,000	222	( 2,778)
Fines and forfeitures	50,000	31,750	28,622	( 3,128)
Miscellaneous	557,575	506,000	404,685	( 101,315)
Investment income	119,900	200,000	583,480	383,480
<b>Total revenues</b>	<u>17,852,400</u>	<u>21,043,335</u>	<u>22,797,211</u>	<u>1,753,876</u>
<b>Expenditures:</b>				
General government	8,471,184	8,339,358	7,201,245	1,138,113
Public safety	3,361,020	3,526,586	3,509,959	16,627
Public works	3,944,952	4,089,122	4,021,580	67,542
Library and recreation	2,198,060	2,278,581	2,268,341	10,240
<b>Total expenditures</b>	<u>17,975,216</u>	<u>18,233,647</u>	<u>17,001,125</u>	<u>1,232,522</u>
<b>Revenues over (under) expenditures</b>	<u>(122,816)</u>	<u>2,809,688</u>	<u>5,796,086</u>	<u>2,986,398</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,482,444	1,532,443	1,532,443	-
Transfers out	(924,651)	(7,424,651)	(7,424,651)	-
<b>Total other financing sources (uses)</b>	<u>557,793</u>	<u>(5,892,208)</u>	<u>(5,892,208)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>434,977</u>	<u>(3,082,520)</u>	<u>(96,122)</u>	<u>2,986,398</u>
<b>Fund balance - beginning</b>	<u>1,020,789</u>	<u>3,226,980</u>	<u>3,216,779</u>	<u>( 10,201)</u>
<b>Fund balance - ending</b>	<u>\$ 1,455,766</u>	<u>\$ 144,460</u>	<u>\$ 3,120,657</u>	<u>\$ 2,976,197</u>

The notes to the financial statements are an integral part of this statement.

# **PROPRIETARY FUND**

## **FINANCIAL STATEMENTS**

### **Major Funds**

**Water Fund** - Accounts for the operations of the City's water utility.

**Transportation and Parking Fund** - Accounts for the operations of the City's public Transportation (bus and trolley) system and paid parking system.

**Golf Course Fund** - Accounts for the operations of the City's golf course.

**Park City Municipal Corporation, Utah**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2006**

**Enterprise Funds**

	<b>Water Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash, cash equivalents and investments held by city	\$ 1,213,836	\$ 7,606,496	\$ 500,940	\$ 9,321,272	\$ 3,412,937
Cash and investments held by fiscal agent	6,695,077	-	-	6,695,077	-
Accounts receivable	553,910	197,329	1,462	752,701	28,260
Prepays	421,824	-	-	421,824	-
Cash and cash equivalents-restricted	2,037,273	-	-	2,037,273	-
Inventories	233,049	30,699	50,130	313,878	162,378
<b>Total current assets</b>	<b>11,154,969</b>	<b>7,834,524</b>	<b>552,532</b>	<b>19,542,025</b>	<b>3,603,575</b>
<b>Noncurrent assets:</b>					
<b>Property, plant and equipment</b>					
Land and water rights	4,340,554	1,748,149	828,451	6,917,154	-
Buildings	480,000	4,539,480	1,671,487	6,690,967	-
Improvements other than buildings	35,538,321	2,898,554	509,050	38,945,925	-
Art	-	109,214	-	109,214	-
Vehicles and equipment	1,353,981	7,241,585	983,436	9,579,002	148,683
Construction in progress	3,151,234	24,253	-	3,175,487	-
Accumulated depreciation and amortization	( 16,858,418)	( 6,558,658)	( 1,775,879)	( 25,192,955)	( 148,683)
<b>Net property, plant and equipment</b>	<b>28,005,672</b>	<b>10,002,577</b>	<b>2,216,545</b>	<b>40,224,794</b>	<b>-</b>
Unamortized bond issuance costs	131,764	-	-	131,764	-
<b>Total noncurrent assets</b>	<b>28,137,436</b>	<b>10,002,577</b>	<b>2,216,545</b>	<b>40,356,558</b>	<b>-</b>
<b>Total assets</b>	<b>39,292,405</b>	<b>17,837,101</b>	<b>2,769,077</b>	<b>59,898,583</b>	<b>3,603,575</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	359,683	50,534	44,169	454,386	73,612
Accrued liabilities	42,721	-	6,750	49,471	-
<b>Current portion of long-term debt</b>					
Note payable	-	-	58,400	58,400	-
Compensated absences	17,206	24,534	4,791	46,531	9,742
Revenue bonds	519,000	-	-	519,000	-
<b>Total current liabilities</b>	<b>938,610</b>	<b>75,068</b>	<b>114,110</b>	<b>1,127,788</b>	<b>83,354</b>
<b>Noncurrent liabilities:</b>					
Compensated absences	18,451	31,013	9,354	58,818	19,598
Deposits	25,000	-	-	25,000	-
Revenue bonds payable	10,856,000	-	-	10,856,000	-
<b>Total noncurrent liabilities</b>	<b>10,899,451</b>	<b>31,013</b>	<b>9,354</b>	<b>10,939,818</b>	<b>19,598</b>
<b>Total liabilities</b>	<b>11,838,061</b>	<b>106,081</b>	<b>123,464</b>	<b>12,067,606</b>	<b>102,952</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	21,726,076	10,002,577	2,158,145	33,886,798	-
<b>Restricted for:</b>					
Debt service	834,124	-	-	834,124	-
Water development	2,037,273	-	-	2,037,273	-
Capital projects	5,860,953	-	-	5,860,953	-
Unrestricted	( 3,004,082)	7,728,443	487,468	5,211,829	3,500,623
<b>Total net assets</b>	<b>\$ 27,454,344</b>	<b>\$ 17,731,020</b>	<b>\$ 2,645,613</b>	<b>\$ 47,830,977</b>	<b>\$ 3,500,623</b>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Reconciliation of the Statement of Net Assets of the Proprietary Funds**  
**to the Statement of Net Assets**  
**June 30, 2006**

<b>TOTAL NET ASSETS - PROPRIETARY FUNDS</b>	<b>\$ 47,830,977</b>
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Amounts reported for business-type activities in the statement of assets are different because:

Certain internal service fund assets and liabilities are included with business-type activities.	<u>(3,562)</u>
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<b>Total net assets - business-type activities</b>	<b><u><u>\$ 47,827,415</u></u></b>
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The notes to the financial statements are an integral part of this statement.



**Park City Municipal Corporation, Utah**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2006**

	<b>Enterprise Funds</b>				
	<b>Water Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Operating revenues</b>					
Charges for services	\$ 5,314,807	\$ 2,535,187	\$ 896,091	\$ 8,746,085	\$ 2,214,779
Miscellaneous	-	-	363,514	363,514	-
<b>Total operating revenues</b>	<u>5,314,807</u>	<u>2,535,187</u>	<u>1,259,605</u>	<u>9,109,599</u>	<u>2,214,779</u>
<b>Operating expenses</b>					
Salaries and benefits	947,474	2,184,143	510,789	3,642,406	514,502
Supplies, maintenance and services	1,212,876	1,157,311	402,898	2,773,085	1,014,061
Energy and utilities	381,887	499,962	44,495	926,344	677,104
Depreciation and amortization	1,149,014	860,844	165,165	2,175,023	74
<b>Total operating expenses</b>	<u>3,691,251</u>	<u>4,702,260</u>	<u>1,123,347</u>	<u>9,516,858</u>	<u>2,205,741</u>
Income (loss) from operations	<u>1,623,556</u>	<u>( 2,167,073)</u>	<u>136,258</u>	<u>( 407,259)</u>	<u>9,038</u>
<b>Nonoperating revenues (expenses)</b>					
Transit and resort sales tax	-	2,871,465	-	2,871,465	-
Investment income	209,812	239,506	16,678	465,996	-
Interest expense	( 288,235)	-	( 4,917)	( 293,152)	-
Loss on sale of fixed assets	( 32,389)	-	-	( 32,389)	-
<b>Total nonoperating revenues (expenses)</b>	<u>( 110,812)</u>	<u>3,110,971</u>	<u>11,761</u>	<u>3,011,920</u>	<u>-</u>
Income before contributions and transfers	<u>1,512,744</u>	<u>943,898</u>	<u>148,019</u>	<u>2,604,661</u>	<u>9,038</u>
Capital contributions	2,607,015	465,537	27,000	3,099,552	-
Transfers in	-	-	25,000	25,000	-
Transfers out	( 1,147,546)	( 905,367)	( 101,085)	( 2,153,998)	-
<b>Change in net assets</b>	<u>2,972,213</u>	<u>504,068</u>	<u>98,934</u>	<u>3,575,215</u>	<u>9,038</u>
<b>Net assets - beginning</b>	<u>24,482,131</u>	<u>17,226,952</u>	<u>2,546,679</u>	<u>44,255,762</u>	<u>3,491,585</u>
<b>Net assets - ending</b>	<u><u>\$ 27,454,344</u></u>	<u><u>\$ 17,731,020</u></u>	<u><u>\$ 2,645,613</u></u>	<u><u>\$ 47,830,977</u></u>	<u><u>\$ 3,500,623</u></u>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets**  
**to the Statement of Activities**  
**Proprietary Funds**  
**For the Year Ended June 30, 2006**

<b>CHANGE IN NET ASSETS - PROPRIETARY FUNDS</b>	<b>\$ 3,575,215</b>
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Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds.

Internal service fund net income of \$9,038 less amount allocated to governmental activities \$12,600 and reversal of prior year allocation \$45,344.

<u>(48,906)</u>
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<b>Change in net assets of business-type activities</b>	<b><u>\$ 3,526,309</u></b>
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The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2006**

	<b>Enterprise Funds</b>			
	<b>Water Fund</b>	<b>Transportation and Parking Fund</b>	<b>Golf Course Fund</b>	<b>Total Enterprise Funds</b>
<b>Cash flows from operating activities</b>				<b>Internal Service Funds</b>
Receipts from customers	\$ 5,100,145	\$ 2,907,397	\$ 1,259,605	\$ 9,267,147
Payments to suppliers	( 1,729,134)	( 1,685,778)	( 417,195)	( 3,832,107)
Payments to employees	( 947,474)	( 2,184,143)	( 510,789)	( 3,642,406)
<b>Net cash provided by (used in) operating activities</b>	<b>2,423,537</b>	<b>( 962,524)</b>	<b>331,621</b>	<b>1,792,634</b>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other fund	-	-	25,000	25,000
Transfers to other funds	( 1,147,546)	( 905,367)	( 101,085)	( 2,153,998)
Transit and resort sales tax	-	2,871,465	-	2,871,465
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>( 1,147,546)</b>	<b>1,966,098</b>	<b>( 76,085)</b>	<b>742,467</b>
<b>Cash flows from capital and related financing activities</b>				
Intergovernmental capital grants	-	-	27,000	27,000
Capital contributions	2,231,598	465,537	-	2,697,135
Purchases of capital assets	( 1,912,564)	( 22,893)	( 91,123)	( 2,026,580)
Debt issuance	4,450,000	-	-	4,450,000
Bond issuance costs	( 50,115)	-	-	( 50,115)
Principal paid on bonds and capital lease	( 503,000)	-	( 32,522)	( 535,522)
Interest paid on bonds and capital lease	( 288,905)	-	( 5,224)	( 294,129)
Proceeds from sales of capital assets	5,130	-	-	5,130
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>3,932,144</b>	<b>442,644</b>	<b>( 101,869)</b>	<b>4,272,919</b>
<b>Cash flows from investing activities</b>				
Interest received on investments	234,285	222,304	15,605	472,194
<b>Net cash provided by investing activities</b>	<b>234,285</b>	<b>222,304</b>	<b>15,605</b>	<b>472,194</b>
<b>Net increase in cash, cash equivalents and investments held by city</b>	<b>5,442,420</b>	<b>1,668,522</b>	<b>169,272</b>	<b>7,280,214</b>
<b>Balances—beginning of the year</b>	<b>4,503,766</b>	<b>5,937,974</b>	<b>331,668</b>	<b>10,773,408</b>
<b>Balances—end of the year</b>	<b>\$ 9,946,186</b>	<b>\$ 7,606,496</b>	<b>\$ 500,940</b>	<b>\$ 18,053,622</b>
<b>Reconciliation to statement of net assets:</b>				
Cash, cash equivalents and investments held by city	\$ 1,213,836	\$ 7,606,496	\$ 500,940	\$ 9,321,272
Cash and cash equivalents—restricted	2,037,273	-	-	2,037,273
Cash and investments held by fiscal agent	6,695,077	-	-	6,695,077
<b>Total cash, cash equivalents and investments</b>	<b>\$ 9,946,186</b>	<b>\$ 7,606,496</b>	<b>\$ 500,940</b>	<b>\$ 18,053,622</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,623,556	\$ (2,167,073)	\$ 136,258	\$ (407,259)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	1,149,014	860,844	165,165	2,175,023
Change in assets and liabilities:				
Receivables, net	( 214,662)	372,210	-	157,548
Inventories	( 27,849)	( 14,706)	33,450	( 9,105)
Prepaid expenses	( 16,224)	-	-	( 16,224)
Accounts and other payables	( 15,589)	( 25,546)	( 6,790)	( 47,925)
Accrued expenses	( 74,709)	11,747	3,538	( 59,424)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,423,537</b>	<b>\$ ( 962,524)</b>	<b>\$ 331,621</b>	<b>\$ 1,792,634</b>

The notes to the financial statements are an integral part of this statement.

**Noncash investing, capital and financing activities:**

The Water Fund received improvements to its water system in the amount of \$375,416 representing developer donations. Included in investment income is a decrease of \$21,635 in fair value for the year ended June 30, 2006.

## **FIDUCIARY FUND**

The Park City Agency Fund is used to hold deposits and performance bonds.

**Park City Municipal Corporation, Utah**  
**Statement of Fiduciary Net Assets**  
**June 30, 2006**

	<b>PARK CITY AGENCY FUND</b>
	<hr/>
<b>ASSETS</b>	
Cash, cash equivalents and investments held by city	\$ 1,830,127
<b>Total assets</b>	<hr/> <b>\$ 1,830,127</b> <hr/>
<b>LIABILITY</b>	
Deposits payable	\$ 1,830,127
<b>Total liability</b>	<hr/> <b>\$ 1,830,127</b> <hr/>

The notes to the financial statements are an integral part of this statement.

**NOTES  
TO THE  
FINANCIAL  
STATEMENTS**

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statement follows.

**1. General Information**

The Park City Municipal Corporation (the City) is a municipal corporation governed by an elected mayor and five-member Council. The City was chartered March 15, 1884, under the provisions of the Utah Territorial Government and the City operates under a Council-Manager form of government. The City provides the following services as authorized in its charter: public safety (police), highways and streets, cultural and recreational, library, public improvements, planning and zoning, public transportation, water, golf and general administrative services.

**2. Reporting Entity**

These financial statements include the City and its component units. Component units are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The following entities are treated as blended component units: 1) The Park City Redevelopment Agency (RDA); 2) The Park City Municipal Building Authority (MBA); 3) The Park City Housing Authority (HA); and 4) The Park City Water Service District. All of these entities serve all the citizens of Park City and are governed by Park City's elected City Council. The bond issuance authorization for these entities is approved by the City Council.

It should be noted that the RDA currently has two capital projects funds and two debt service funds. The MBA currently has a capital projects fund and a debt service fund. The HA currently has a capital projects fund.

**3. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts received or recognized as receivable at fiscal year end are included in the financial statements as taxes receivable and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenues in the year for which they are levied. Amounts received or recognized as receivable at fiscal year end are included in the financial statements as taxes receivable and unearned revenue. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

The Debt Service Funds are used to account for the accumulation of resources for the payment of general obligation bonds, sales tax revenue bonds, and tax increment bonds issued by the RDA.

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds).



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The City reports the following major proprietary funds:

Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City currently operates enterprise funds for City-owned water systems, a public transportation system (bus and trolley system), paid parking system and golf course.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for the central financing of goods or services provided by an internal service fund to various departments of the City or other governments on a cost-reimbursement basis. The City currently has two internal service funds. The fleet services fund provides vehicle storage, repair and maintenance. The self-insurance fund was established to allow the City to supplement its regular insurance coverage as further explained in Note K – Risk Management on page 67 of this report.

Agency Funds are used to account for the assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**5. Assets, Liabilities, and Net Assets or Equity**

***Cash, Cash Equivalents and Investments*** - Cash and investment management in the City is administered by the City Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah Code (see Note B on pages 49-52 of this report). The City complies with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenues or expenses. The City's policy is to report all investments at fair value. The City's investment in the State Treasurer's Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

***Capital Assets*** - Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government included all assets with acquisition dates as far back as June 30, 1980. Most of the City's infrastructure assets were valued at historical cost (when available) or estimated historical cost through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$125,897. The total interest income received by the City earned on invested bond proceeds was \$159,576. The net amount of \$33,679 was included as part of and thereby decreased the cost of capital assets under construction in connection with construction of water treatment facilities.

Art represents a collection of the City and is therefore not depreciated. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings and improvements	20-40
Public domain infrastructure	50
System infrastructure	30
Vehicles and equipment	5-20

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Land and Building Held for Resale** - The cost of land and building held for resale in the Capital Improvements Fund are capitalized until the related property is subsequently sold. Land and building held for resale are carried at the lower of cost, market or committed sales price. Gains and losses on disposition of land and building held for resale are included in the statement of revenues, expenditures and changes in fund balance. An amount equal to the carrying value of the asset is offset by unearned revenue. See Note O on page 69 of this report.

**Use of Restricted/Unrestricted Net Assets** - When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Inventories and prepaid items** - Inventories of supplies for the proprietary fund types consist principally of items used in repairing and maintaining the water distribution system and transportation equipment. Inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Long-term Obligations** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The total unamortized bond issuance costs reported in the government-wide statement of net assets at June 30, 2006 were \$684,338 and the total unamortized bond premiums were \$151,730.

**Compensated Absences** - Accumulated unpaid vacation is accrued based on the years of service of each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. The maximum amount of accumulated accrued vacation hours are determined by the length of service by each employee according to the following schedule:

0 to 5 years	192 hours
5 to 10 years	240 hours
10 plus years	288 hours

Accumulated vacation cannot exceed these limits at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination in good standing, all unpaid vacation that has been accrued, up to the above limits, is paid. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. See Note E on page 55 of this report.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Fund Balance*** - Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Reserved for debt service and reserved for capital projects represent the portion of fund balance that is legally restricted as per the bond covenants. Designated fund balances represent tentative plans for future use of financial resources. Designations are established by actions of the City Council and management and can be increased, reduced or eliminated by similar actions.

***Restricted Assets*** - Certain proceeds of the City's 2002 and 2006 Water Revenue and Refunding Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the proprietary funds' statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "construction fund" account with a balance at June 30, 2006 of \$5,860,953 is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "reserve fund" account with a balance at June 30, 2006 of \$834,124 is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service account.

Water development fees are charged to new customers to pay for the cost of increasing the capacity of the water system to meet the additional demand created by the connection of new customers. The use of water development fees is legally restricted.

**6. Budgets**

State law requires the City Council to prepare and adopt budgets for all governmental and proprietary funds. The City Manager submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues. Between May 1 and June 15, the City Council reviews and adjusts the City Manager's proposed budget. On or before June 15, a public hearing is held and the budget is legally adopted through passage of a resolution. Budgets are adopted below individual department levels, but control of budget appropriations is exercised, under state law, at the department level (General Government, Public Safety, Public Works and Library and Recreation).

After the budget is adopted, transfers of any unexpended appropriation amount between line items within a major category are to be initiated and approved by each respective department. Transfers between major categories and between programs within the same department and fund are to be initiated by the respective departments and approved by the City Manager. Transfers between capital improvement projects within the same fund are to be initiated by the individual designated as responsible for the project and approved by the City Manager. Transfers that will result in a total change in the appropriation for a project of more than 20 percent or if a project would be eliminated by the transfer must be approved by the City Council. The City Council may reduce or increase the budget of any fund by resolution during the budget year. The City Council must hold a public hearing to increase a fund's budget before it can pass the resolution.

Utah State law prohibits the appropriation of unrestricted general fund balance until it exceeds the sum of five percent of the budgeted general fund revenues. Until unreserved fund balance is greater than the above amount, it cannot be budgeted but is used to provide working capital until tax revenue is received, meet emergency expenditures, and cover unanticipated deficits. When the unreserved fund balance is greater than 18 percent of expected revenues, the excess must be appropriated to capital projects determined to be in the best long-term interest of the City.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

During the year, the general fund budget was increased by \$258,431 under the guidelines described above. The budget adjustments primarily appropriated more funds to the City's Public Safety and Public Works Departments. The increase was funded by greater than anticipated revenues in the general fund.

Budgets are prepared on the modified accrual basis of accounting according to generally accepted accounting principles (GAAP) for governmental funds. Budgets are not prepared for the agency fund since this fund is comprised only of deposits and performance bonds held by the City. Encumbrance accounting is used by the City.

Each year the capital projects fund adjusted budget is comprised of new appropriations from the current year and unexpended appropriations from the prior year, since unexpended capital projects appropriations do not automatically lapse at year end. Major capital project fund budgets included \$37,188,250 and non-major capital project fund budgets included \$3,551,772 for a total of \$40,740,022 of prior-year unexpended capital projects appropriations. See page 95 for additional detail.

The adjusted capital projects fund budget represents the amount available for expenditures in the current year. Future projects and appropriations that are to come from funds available in future years are not reflected in the current year budget.

**7. Implementation of New GASB Pronouncements**

In fiscal year 2006, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements: Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Statement No. 47, *Accounting for Termination Benefits*. These Statements had no effect on the financial statements.

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Each fund type's portion of this pool is displayed on the basic financial statements as "cash, cash equivalents and investments". Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

The following is a summary of cash, cash equivalents and investments at June 30, 2006:

	Government-Wide Statement of Net Assets			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Fund Statement of Net Assets	Total
Held by city-unrestricted	\$ 54,666,171	\$ 9,321,272	\$ 63,987,443	\$ 1,830,127	\$ 65,817,570
Held by city-restricted	3,615,314	2,037,273	5,652,587	-	5,652,587
Total held by city	<u>\$ 58,281,485</u>	<u>\$ 11,358,545</u>	<u>\$ 69,640,030</u>	<u>\$ 1,830,127</u>	<u>\$ 71,470,157</u>
Held by fiscal agent	<u>\$ 10,166,911</u>	<u>\$ 6,695,077</u>	<u>\$ 16,861,988</u>	<u>\$ -</u>	<u>\$ 16,861,988</u>

As of June 30, 2006 the City had the following deposits and investments:

**Held by city:**

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Repurchase agreements	July, 2006	\$ 1,649,450
State investment pool	55 days average	56,406,778
Securities of U.S. Govt. agencies:		
FNMA	Aug. 11, 2006	996,600
FHLMC	Feb. 23, 2007	1,989,800
FHLB	April 12, 2007	1,981,200
FHLB	April 27, 2007	1,975,400
FHLB	Sept. 28, 2007	1,986,200
FNMA	Jan. 18, 2008	1,981,800
FHLMC	Jan. 28, 2008	2,478,000
FHLMC	Feb. 27, 2008	991,100
Total investments		<u>72,436,328</u>
<b><u>Deposits</u></b>		
Cash deposits-net of outstanding checks	N/A	(972,041)
Cash on hand	N/A	5,870
Total cash, cash equivalents and investments held by city		<u>\$71,470,157</u>

**Deposits** – State law requires that City deposits be deposited with a “qualified depository” as defined by the Utah Money Management Act (UMMA). “Qualified depository” includes any depository institution that has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

*Custodial credit risk* for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and deposits are: (1) Uncollateralized, (2) Collateralized with securities held by the pledging financial institution, or (3) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. As of June 30, 2006 the City's deposits had a carrying value of (\$972,041) and a bank balance of \$25 which is covered by federal depository insurance. The City does not have a deposit policy for custodial credit risk. However, Utah State Law does not require deposits to be insured or collateralized.

**Investments** –The City's investment policies are also governed by the UMMA. The UMMA mandates that investment transactions be conducted only through qualified depositories, certified dealers or directly with issuers of the investment securities.

*Custodial Credit Risk* for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either: (1) The counterparty or (2) The counterparty's trust department or agent but not in the government's name. Repurchase agreements with a qualified depository in the amount of \$1,649,450, which is the fair value at June 30, 2006, are supported by a safekeeping receipt issued by a qualified depository but the securities are held by the investment's counterparty, not in the name of the City. For other investments in U.S. Government agencies of \$14,380,100 at June 30, 2006, the City uses a qualified depository bank for safekeeping securities for the purpose of settling investment transactions, safekeeping, and collecting those investments. These investments are held by the investment's counterparty, not in the name of the City but are supported by a safekeeping receipt issued by City's bank. The City does not have an investment policy for custodial credit risk.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

*Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy, in compliance with the UMMA limits investments to the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of qualified depository under "deposits" above). (2) Repurchase agreements with qualified depositories or primary reporting dealers only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository. (3) Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors, Inc., having a remaining term to maturity of 270 days or less. (4) Bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less. (5) Obligations of the United States Treasury, including Treasury Bills, Treasury Notes, and United

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued**

States Treasury Bonds. (6) Obligations other than mortgage pools and other mortgage derivative products issued by or fully guaranteed as to principal and interest by the following agencies of the United States in which a market is made by a primary reporting government securities dealer: Federal Farm Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Student Loan Marketing Association, Federal Home Loan Mortgage Corporation, Federal Agriculture Mortgage Corporation, and the Tennessee Valley Authority. (7) The Utah State Treasurer's Investment Pool. (8) Tax anticipation and general obligation bonds of the state or a county, an incorporated city or town, a school district or other subdivision of the State of Utah. The U.S. Government Agency securities owned by the City are rated AAA or equivalent by at least two nationally recognized statistical rating agencies. The Utah State Treasurer's Investment Pool is not rated. The fair value of the position of the Utah State Treasurer's Investment Pool is the same as the value of the pool shares. All investments of the Utah State Treasurer's Investment Pool must comply with the UMMA and Rules of the State Money Management Council. The Pool invests primarily in money market securities including time certificates of deposit and top-rated domestic commercial paper. No more than 5.0 percent of the pool may be invested with a single issuer. Investment activity of the State Treasurer is reviewed monthly by the Utah Money Management Council and is audited by the Utah State Auditor. Pool deposits are not insured or otherwise guaranteed by the State of Utah.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy authorizes investments to be made in accordance with the UMMA and further specifies that with the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type. None of the City's investments exceed this limit. More than 5 percent of the City's investments are in FHLB, this investment is 8.2 percent of total investments.

**NOTE C – NOTES RECEIVABLE**

Notes receivable of the governmental fund types at June 30, 2006 include various affordable housing and employee housing assistance loans with interest rates ranging from 5.00% to 8.00%. The following is a schedule of future principal and interest payments required under the terms of the notes receivable as of June 30, 2006:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 372,491	\$ 63,090	\$ 435,581
2008	16,660	49,301	65,961
2009	12,720	48,505	61,225
2010	13,856	48,736	62,592
2011	16,605	50,506	67,111
2012 and thereafter	<u>1,194,084</u>	<u>761,422</u>	<u>1,955,506</u>
Total	<u>\$ 1,626,416</u>	<u>\$ 1,021,560</u>	<u>\$ 2,647,976</u>



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 63,227,992	\$ 645,763	\$ (5,000)	\$ 63,868,755
Construction in progress	3,575,447	1,157,480	(3,004,586)	1,728,341
Art	209,345	72,492	-	281,837
Total capital assets, not being depreciated	<u>67,012,784</u>	<u>1,875,735</u>	<u>(3,009,586)</u>	<u>65,878,933</u>
Capital assets, being depreciated:				
Buildings	7,693,776	12,273,149	-	19,966,925
Improvements other than building	14,876,021	389,625	(3,100)	15,262,546
Vehicles and equipment	7,282,998	720,656	(475,728)	7,527,926
Infrastructure	80,658,921	3,690,102	-	84,349,023
Total capital assets, being depreciated	<u>110,511,716</u>	<u>17,073,532</u>	<u>(478,828)</u>	<u>127,106,420</u>
Less accumulated depreciation for:				
Buildings	(3,032,568)	(439,402)	-	(3,471,970)
Improvements other than building	(10,327,241)	(553,364)	3,100	(10,877,505)
Vehicles and equipment	(5,762,978)	(529,087)	449,508	(5,842,557)
Infrastructure	(52,700,146)	(3,169,795)	-	(55,869,941)
Total accumulated depreciation	<u>(71,822,933)</u>	<u>(4,691,648)</u>	<u>452,608</u>	<u>(76,061,973)</u>
Total capital assets, being depreciated, net	<u>38,688,783</u>	<u>12,381,884</u>	<u>(26,220)</u>	<u>51,044,447</u>
Governmental activities capital assets, net	<u>\$ 105,701,567</u>	<u>\$ 14,257,619</u>	<u>\$ (3,035,806)</u>	<u>\$ 116,923,380</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water rights	\$ 6,917,154	\$ -	\$ -	\$ 6,917,154
Construction in progress	4,109,639	1,052,721	(1,986,873)	3,175,487
Art	109,214	-	-	109,214
Total capital assets, not being depreciated	<u>11,136,007</u>	<u>1,052,721</u>	<u>(1,986,873)</u>	<u>10,201,855</u>
Capital assets, being depreciated:				
Buildings	6,595,315	95,652	-	6,690,967
Improvements other than building	35,855,370	3,090,555	-	38,945,925
Vehicles and equipment	9,730,124	116,261	(267,383)	9,579,002
Total capital assets, being depreciated	<u>52,180,809</u>	<u>3,302,468</u>	<u>(267,383)</u>	<u>55,215,894</u>
Less accumulated depreciation for:				
Buildings	(1,968,856)	(276,201)	-	(2,245,057)
Improvements other than building	(15,709,901)	(1,336,513)	-	(17,046,414)
Vehicles and equipment	(5,577,084)	(554,264)	229,864	(5,901,484)
Total accumulated depreciation	<u>(23,255,841)</u>	<u>(2,166,978)</u>	<u>229,864</u>	<u>(25,192,955)</u>
Total capital assets, being depreciated, net	<u>28,924,968</u>	<u>1,135,490</u>	<u>(37,519)</u>	<u>30,022,939</u>
Business-type activities capital assets, net	<u>\$ 40,060,975</u>	<u>\$ 2,188,211</u>	<u>\$ (2,024,392)</u>	<u>\$ 40,224,794</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE D – CAPITAL ASSETS, Continued**

Depreciation expense was charged to functions for the year ended June 30, 2006 as follows:

**Governmental activities:**

General government	\$ 539,121
Public safety	77,489
Public works	3,772,289
Library and recreation	302,675
Depreciation on internal service fund capital assets	74
Total governmental activities depreciation expense	<u>\$ 4,691,648</u>

**Business-type activities:**

Water	\$ 1,140,969
Transportation and parking	860,844
Golf course	165,165
Total business-type activities depreciation expense	<u>\$ 2,166,978</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2006:

	Beginning Balance July 1, 2005	Additions	Reductions	Bond Amorti- zation	Ending Balance June 30, 2006	Due Within One Year
<b>Governmental activities:</b>						
Contract payable:						
Total contract payable	\$ 731,543	\$ -	\$ (45,134)	\$ -	\$ 686,409	\$ 48,520
<b>General obligation bonds:</b>						
1999 series	2,770,000	-	(250,000)	-	2,520,000	260,000
2000 series	4,285,000	-	(340,000)	-	3,945,000	360,000
2003 series	4,405,000	-	(280,000)	-	4,125,000	285,000
2004 series-principal	8,455,000	-	(475,000)	-	7,980,000	490,000
2004 series-premium	109,111	-	-	(7,882)	101,229	-
Total general obligation bonds	20,024,111	-	(1,345,000)	(7,882)	18,671,229	1,395,000
<b>Revenue bonds:</b>						
Redevelopment Agency - Main St.						
2001A series	215,000	-	(215,000)	-	-	-
2001B series	670,000	-	(670,000)	-	-	-
Redevelopment Agency - Lower Pk.						
1998 series	4,735,000	-	(415,000)	-	4,320,000	390,000
Sales tax revenue bonds						
2005A series-principal	15,500,000	-	(600,000)	-	14,900,000	1,155,000
2005A series-premium	25,153	-	-	(1,575)	23,578	-
2005B refunding-principal	4,500,000	-	(530,000)	-	3,970,000	715,000
2005B refunding-premium	31,437	-	-	(4,514)	26,923	-
Total revenue bonds	25,676,590	-	(2,430,000)	(6,089)	23,240,501	2,260,000
Compensated absences	355,193	461,770	(400,546)	-	416,417	246,707
Total governmental activities	\$ 46,787,437	\$ 461,770	\$ (4,220,680)	\$ (13,971)	\$ 43,014,556	\$ 3,950,227
<b>Business-type activities:</b>						
2002 water revenue refunding	\$ 7,428,000	\$ -	\$ (503,000)	\$ -	\$ 6,925,000	\$ 519,000
2006 water revenue	-	4,450,000	-	-	4,450,000	-
Note payable-golf carts	90,922	-	(32,522)	-	58,400	58,400
Compensated absences	84,907	117,004	(96,562)	-	105,349	46,531
Total business-type activities	\$ 7,603,829	\$ 4,567,004	\$ (632,084)	\$ -	\$ 11,538,749	\$ 577,400

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$29,340 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities compensated absences are liquidated by the general fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**General Obligation Bonds**

In August, 1999 the City issued General Obligation Bonds, Series 1999 in the amount of \$4,085,000 pursuant to a special bond election held on November 3, 1998. In November, 2000 the City issued General Obligation Bonds, Series 2000 in the amount of \$5,915,000 pursuant to a special bond election held on November 3, 1998. In September, 2003 the City issued General Obligation Bonds, Series 2003 in the amount of \$5,000,000 plus a premium in the amount of \$24,109 pursuant to a special bond election held on November 5, 2002. The proceeds of all three of the bonds were used to acquire and forever preserve undeveloped park and recreational land. On July 22, 2004 Park City Municipal Corporation issued General Obligation Bonds, Series 2004 in the amount of \$9,000,000 plus a premium of \$116,518. Proceeds of the bonds are for two distinct projects and were authorized by two separate ballot propositions. Pursuant to a special bond election held on November 5, 2002, approximately \$5 million of the bond proceeds will be used to acquire and preserve undeveloped park and recreational land. Pursuant to a special bond election held on November 6, 2001, approximately \$4 million of the bond proceeds were used to construct an ice facility and make park improvements. Repayments are made from property tax revenues recorded in the Park City General Obligation Debt Service Fund. The debt service requirements for the bonds at June 30, 2006 were as follows:

Fiscal Year Ending June 30,	Series 2000 Dated Nov. 15, 2000, \$5,915,000 @ 4.75% to 5.25% per annum paid semi- annually (Nov. & May)		Series 1999 Dated Aug. 15, 1999, \$4,085,000 @ 4.5% to 5.25% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	\$ 360,000	\$ 195,800	\$ 260,000	\$ 126,712
2008	375,000	177,800	275,000	113,063
2009	395,000	159,050	290,000	98,625
2010	415,000	140,287	305,000	84,125
2011	435,000	120,367	320,000	69,180
2012	455,000	99,052	340,000	53,500
2013	480,000	76,530	360,000	36,500
2014	500,000	52,530	370,000	18,500
2015	530,000	27,030	-	-
Total	<u>\$ 3,945,000</u>	<u>\$ 1,048,446</u>	<u>\$ 2,520,000</u>	<u>\$ 600,205</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**General Obligation Bonds, Continued**

Fiscal Year Ending June 30,	Series 2004 Dated July 22, 2004, \$9,000,000 @ 3.125% to 4.20% per annum paid semi- annually (Nov. & May)		Series 2003 Dated Sept. 23, 2003, \$5,000,000 @ 2.00% to 4.05% per annum paid semi- annually (Nov. & May)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	\$ 490,000	\$ 304,658	\$ 285,000	\$ 145,875
2008	510,000	289,346	295,000	138,750
2009	525,000	272,771	300,000	131,375
2010	540,000	255,708	310,000	121,475
2011	560,000	236,809	325,000	110,625
2012	580,000	216,649	335,000	98,925
2013	605,000	193,449	345,000	86,865
2014	630,000	169,249	360,000	74,445
2015	655,000	144,049	370,000	61,305
2016	680,000	117,849	385,000	47,430
2017	705,000	90,649	400,000	32,608
2018	735,000	62,449	415,000	16,808
2019	765,000	32,130	-	-
Total	7,980,000	2,385,765	4,125,000	1,066,486
Plus unamortized premium	101,229	-	-	-
Total	<u>\$ 8,081,229</u>	<u>\$ 2,385,765</u>	<u>\$ 4,125,000</u>	<u>\$ 1,066,486</u>

**Redevelopment Agency Capital Projects Funds and Bonds**

The City maintains capital project funds for the Main Street Redevelopment Agency and the Lower Park Avenue Redevelopment Agency. For the fiscal year ended June 30, 2006 the tax increment collected by the Main Street Redevelopment Agency was \$1,300,000 and the tax increment collected by the Lower Park Avenue Redevelopment Agency was \$2,227,898. The tax increment paid to another taxing agency by the Main Street Redevelopment Agency and by the Lower Park Avenue Redevelopment Agency was \$395,602 and \$703,129, respectively.

During the fiscal year, the Main Street Redevelopment Agency expended \$3,571 for site improvements and incurred \$30,000 in administrative costs. The Lower Park Avenue Redevelopment Agency expended \$527,285 for site improvements and incurred \$30,000 in administrative costs.

**Lower Park Avenue Redevelopment Agency**

In November, 1998 the Lower Park Avenue Redevelopment Agency of Park City issued Tax Increment Revenue Bonds, Series 1998 in the amount of \$7,000,000 to finance the cost of certain land and property acquired by the RDA, as well as infrastructure improvements, including curb and gutter, street paving, landscaping and other costs relating to transportation, communications and recreation facilities. Repayments are made from incremental property taxes recorded in the Lower Park Avenue Redevelopment Agency Capital Projects Fund.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

The outstanding principal amount and debt service requirements of debt issued to finance the costs associated with the Lower Park Avenue RDA projects at June 30, 2006 were as follows:

Fiscal Year Ending June 30,	RDA Tax Increment Revenue Bonds, dated Nov. 1, 1998, \$7,000,000 due June 15, 4.0% to 5.125% paid annually	
	PRINCIPAL	INTEREST
2007	\$ 390,000	\$ 201,462
2008	405,000	184,888
2009	425,000	167,472
2010	445,000	148,879
2011	465,000	129,299
2012	400,000	108,374
2013	415,000	89,974
2014	435,000	70,469
2015	460,000	48,175
2016	480,000	24,600
Total	\$ <u>4,320,000</u>	\$ <u>1,173,592</u>

**Main Street Redevelopment Agency**

In November, 2001 the Main Street Redevelopment Agency of Park City issued Tax Increment Revenue Refunding Bonds, Series 2001A in the amount of \$800,000 and Tax Increment Revenue Refunding Bonds, Series 2001B in the amount of \$2,580,000. The bond proceeds were used to refund \$980,000 of Tax Increment Revenue Refunding Bonds Series 1997A and \$2,380,000 of Tax Increment Revenue Refunding Bonds Series 1997B. New money in the amount of \$114,304 was received from the 2001B Series Bonds. Repayments were made from incremental property taxes recorded in the Main Street RDA Capital Projects Fund. The bond principal was completely paid as of December, 2005.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Other Debt**

On December 30, 1996 the City purchased open space property for \$1,095,908. The City executed a contract payable to the seller for this amount with interest at 7.50 percent per annum, payable \$100,000 per year on December 15. The debt service requirements for the contract payable at June 30, 2006 were as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2007	\$ 48,520	\$ 51,480
2008	52,158	47,842
2009	56,070	43,930
2010	60,276	39,724
2011	64,796	35,204
2012	69,656	30,344
2013	74,880	25,120
2014	80,496	19,504
2015	86,533	13,467
2016	93,024	6,976
Total	<u>\$ 686,409</u>	<u>\$ 313,591</u>

**Water Revenue Refunding Bonds**

On December 30, 2002 the City issued \$9,000,000 in Water Revenue and Refunding Bonds Series 2002. The bond proceeds were used to refund \$1,285,000 of outstanding Water Revenue Refunding Bonds Series 1994 and \$1,663,605 of Subordinated Water Revenue Bonds Series 1991. New money in the amount of \$5,567,783 was received to finance the construction of water treatment facilities. The bonds bear interest at 2.1 percent to 4.05 percent paid semiannually. The bonds incurred bond issue costs of \$108,250 which were recorded as an asset and amortized over the life of the bond on a straight line basis. Repayments on the debt are made from the net revenues of the Water Fund. The debt service requirements for the water refunding bonds at June 30, 2006 were as follows:

Fiscal Year Ending		
June 30,	PRINCIPAL	INTEREST
2007	\$ 519,000	\$ 270,809
2008	537,000	253,059
2009	556,000	233,996
2010	577,000	213,424
2011	599,000	191,209
2012	623,000	167,549
2013	648,000	142,317
2014	674,000	116,073
2015	702,000	88,776
2016	730,000	60,345
2017	760,000	30,780
Total	<u>\$ 6,925,000</u>	<u>\$ 1,768,337</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Water Revenue Bonds**

On March 30, 2006 the City issued \$4,450,000 in Water Revenue Bonds Series 2006 to finance the construction of water system infrastructure. The bonds bear interest at 3.50 percent paid annually. The bonds incurred bond issue costs of \$50,115 which were recorded as an asset and amortized over the life of the bond on a straight line basis. Repayments on the debt are made from the net revenues of the Water Fund. The debt service requirements for these bonds at June 30, 2006 were as follows:

Fiscal Year Ending June 30,	PRINCIPAL	INTEREST
2007	\$ -	\$ -
2008	157,000	155,750
2009	163,000	150,255
2010	169,000	144,550
2011	174,000	138,635
2012	181,000	132,545
2013	187,000	126,210
2014	193,000	119,665
2015	200,000	112,910
2016	207,000	105,910
2017	214,000	98,665
2018	222,000	91,175
2019	230,000	83,405
2020	238,000	75,355
2021	246,000	67,025
2022	255,000	58,415
2023	264,000	49,490
2024	273,000	40,250
2025	282,000	30,695
2026	292,000	20,825
2027	303,000	10,605
Total	<u>\$ 4,450,000</u>	<u>\$ 1,812,335</u>

**Sales Tax Revenue Bonds**

On May 9, 2005 the City issued Sales Tax Revenue Bonds, Series 2005A in the amount of \$15,500,000 plus a premium of \$25,377 and Sales Tax Revenue and Refunding Bonds, Series 2005B in the amount of \$4,500,000 plus a premium of \$32,080. The proceeds from the sale of the Series 2005A Bonds will be used for the purpose of financing the cost associated with the acquisition, construction, and equipping of a public safety building, recreation complex, parking structure expansion and improvements, park improvements, road improvements and other City-owned capital improvements and paying the costs of issuance of the Series 2005 Bonds. The proceeds from the Series 2005B Bonds were used to refund the MBA Series 1996 and 1999 Revenue Bonds. The Series 2005 Bonds are special limited obligations of the City, payable solely from and secured solely by a pledge of revenues from (i) 100 percent of the revenues received by the City from the local sales and use tax levied by the City pursuant to the Utah Local Sales and Use Tax Act, Title 59, Chapter 12, Part 2, Utah Code and (ii) 75 percent of the revenues received by the City from the resort communities tax levied by the City pursuant to Title 59, Chapter 12, Part 4 of the Utah Code. The Series 2005 Bonds do not constitute a pledge of the ad valorem taxing power or the full faith and credit of the City. The debt service requirements for the bonds at June 30, 2006 were as follows:



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

Fiscal Year Ending June 30,	Series 2005A, \$15,500,000 @ 3.25% - 5.00% paid semiannually		Series 2005B, \$4,500,000 @ 3.00% - 4.00% paid semiannually	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	\$ 1,155,000	\$ 580,588	\$ 715,000	\$ 142,062
2008	1,195,000	543,050	740,000	120,613
2009	1,235,000	501,225	595,000	92,862
2010	780,000	454,912	620,000	70,550
2011	805,000	427,612	640,000	50,400
2012	835,000	399,438	660,000	26,400
2013	865,000	370,212	-	-
2014	900,000	335,612	-	-
2015	935,000	299,612	-	-
2016	985,000	252,862	-	-
2017	1,020,000	213,463	-	-
2018	1,060,000	172,663	-	-
2019	1,105,000	130,263	-	-
2020	1,150,000	86,063	-	-
2021	875,000	37,188	-	-
Total	14,900,000	4,804,763	3,970,000	502,887
Plus unamortized premium	23,578	-	26,923	-
Total	\$ 14,923,578	\$ 4,804,763	\$ 3,996,923	\$ 502,887

**Prior Year's Defeasance of Debt**

In prior years, the City defeased certain debt issues by placing the proceeds of new debt in irrevocable trusts to provide for all future debt service payments on the defeased debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. As of June 30, 2006 the outstanding balance of the defeased bonds was \$4,295,000.

The City has complied with all revenue bond covenants.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

**Note Payable**

The golf course has entered into a lease agreement as lessee for financing the acquisition of golf carts costing \$216,008. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date in the golf fund. The lease has an interest rate of 5.6%. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

	<b>Capital Lease</b>
Year ending June 30:	
2007	<u>\$ 61,756</u>
Total future minimum lease payments	<u>61,756</u>
Less amount representing interest at 5.6%	<u>(3,356)</u>
Total principal	<u>58,400</u>
Less current portion	<u>(58,400)</u>
Long-term portion	<u><u>\$ -</u></u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE E – LONG-TERM OBLIGATIONS, Continued**

The annual requirements to amortize long-term debt outstanding as of June 30, 2006 by activity are as follows:

Year ending June 30,	Governmental Activities			Business-Type Activities
	Contracts Payable	General Obligation Bonds	Revenue Bonds	
<b>Principal</b>				
2007	\$ 48,520	\$ 1,395,000	\$ 2,260,000	\$ 577,400
2008	52,158	1,455,000	2,340,000	694,000
2009	56,070	1,510,000	2,255,000	719,000
2010	60,276	1,570,000	1,845,000	746,000
2011	64,796	1,640,000	1,910,000	773,000
2012-2016	404,589	7,980,000	7,370,000	4,345,000
2017-2021	-	3,020,000	5,210,000	1,910,000
2022-2026	-	-	-	1,366,000
2027	-	-	-	303,000
Total	<u>686,409</u>	<u>18,570,000</u>	<u>23,190,000</u>	<u>11,433,400</u>
Plus unamortized premium	-	101,229	50,501	-
Total	<u>\$ 686,409</u>	<u>\$ 18,671,229</u>	<u>\$ 23,240,501</u>	<u>\$ 11,433,400</u>
<b>Interest</b>				
2007	\$ 51,480	\$ 773,045	\$ 924,112	\$ 274,165
2008	47,842	718,959	848,551	408,809
2009	43,930	661,821	761,559	384,251
2010	39,724	601,595	674,341	357,974
2011	35,204	536,981	607,311	329,844
2012-2016	95,411	1,573,857	2,025,728	1,172,300
2017-2021	-	234,644	639,640	446,405
2022-2026	-	-	-	199,675
2027	-	-	-	10,605
Total	<u>\$ 313,591</u>	<u>\$ 5,100,902</u>	<u>\$ 6,481,242</u>	<u>\$ 3,584,028</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE F – RETIREMENT PLANS**

**Pension Plans**

**Plan Description** - The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy** - Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all paid by the employer for the employee) and the City is required to contribute 7.08 percent of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.09 percent of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29 percent of their salary (all paid by the employer for the employee) and the City is required to contribute 7.95 percent of their annual salary and 19.34 percent of their annual covered salary for members in the non-contributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2006, 2005 and 2004 were \$159,726, \$167,999, and \$163,459, respectively, and for the Noncontributory Retirement System the contributions for June 30, 2006, 2005 and 2004 were \$501,765, \$435,816, and \$366,187, respectively, and for the Public Safety Retirement System for employers with Social Security coverage the contributions for June 30, 2006, 2005 and 2004 were \$224,041, \$194,919, and \$168,509, respectively. Actual contributions for the past three years equaled the required contributions.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE G - DEFINED CONTRIBUTION PLANS**

Section 401(a) defined contribution money purchase plan

The City sponsors a defined contribution plan under Internal Revenue Code Section 401(a) for all full-time City employees not covered by the Public Safety Retirement System for employers with Social Security coverage.

The ICMA Retirement Corporation administers this plan. The City's total payroll in the fiscal year ended June 30, 2006 was \$11,647,273. Of that amount, \$6,885,423 was eligible to participate in this plan. The City participated at a rate of .5 percent, under City resolution for the year ended June 30, 2006 for employees covered by the State Contributory System retirement plan, 2.17 percent for employees covered by the state Noncontributory System retirement plan, and 13.26 percent under State Statute for a limited number of employees that are exempt from the state plan. During the year ended June 30, 2006 contributions totaling \$234,892 or 3.41 percent of covered payroll were made by the City. Employer contributions are fully vested in one year. All contributions were made by the due dates. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the financial statements.

Section 457 deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payroll in the fiscal year ended June 30, 2006 was \$11,647,273. The City's covered payroll eligible for this plan totaled \$6,885,423 for the year ended June 30, 2006. The City participates in employer benefits of \$150 per month for those employees who have chosen single health insurance coverage and match the employees' voluntary contribution amount at fifty cents on the dollar to a maximum contribution of \$900. Contributions totaling \$223,419 or 3.24 percent of covered payroll were made by the City and voluntary contributions totaling \$446,930 or 6.49 percent of covered payroll were made by employees. All contributions were made by the due dates.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries, except that expenses and taxes may be paid from the Trust. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the plan's administrator under one of seven investment options, or a combination thereof. The choice of the investment option(s) is made by the participants. All of the assets and income of the 457 Plan are held in investment fund trusts by ICMA for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. As ICMA is the fiduciary of these assets, the City is no longer required to report the assets.

Loans or notes between the City and the defined contribution plans - There are no securities, loans or notes of the City included in the plans assets.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE H - COMMITMENTS AND CONTINGENCIES**

There are several pending lawsuits in which the City is involved. The City Attorney estimates the potential claims against the City resulting from such litigation not covered by insurance would not materially affect the financial position of the City.

Commitments for major construction and capital improvement projects at June 30, 2006 are as follows:

Capital Projects Fund	\$2,832,584
Enterprise Fund	\$6,797,521

**NOTE I - INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues were received by governmental fund types for the year ended June 30, 2006. They consist of the following:

State of Utah Class "C" road allotments	\$ 345,074
State contribution	48,862
County contribution	482,922
Federal contribution	<u>56,697</u>
Total	<u><u>\$ 933,555</u></u>

**NOTE J - DUE TO/FROM OTHER FUNDS**

Due to cash flow needs of the Sales Tax Revenue and Refunding Bonds Debt Service Fund, the sum of \$6,232,622 was advanced from the Capital Improvements Fund at June 30, 2006. This amount was repaid shortly after the end of the fiscal year as cash became available. The advance carries no interest and has no specific repayment terms.

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE K – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1989, the City established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$50,000 per each occurrence for general liability, errors and omissions, and auto. The City purchases commercial insurance for claims in excess of coverage provided by the Self Insurance Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Liabilities are recorded for any claim or judgment when information available prior to issuance of the financial statements indicates it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities are as follows:

Unpaid claims as of June 30, 2004	\$ -
Incurred claims	136,196
Claim payments	<u>(136,196)</u>
Unpaid claims as of June 30, 2005	-
Incurred claims	64,699
Claim payments	<u>(64,699)</u>
Unpaid claims as of June 30, 2006	<u><u>\$ -</u></u>

**NOTE L – BUDGET RECONCILIATION**

A reconciliation of the original 2005-2006 budget, to the final legally adopted budget for all governmental fund types net of transfers approved in June 2006 is as follows:

	<u>Original Budget</u>	<u>Increase (Decrease)</u>	<u>Budget as Revised</u>
General Fund:			
Revenues	\$ 17,852,400	\$ 3,190,935	\$ 21,043,335
Expenditures	17,975,216	258,431	18,233,647
Debt Service Funds:			
Revenues	\$ 2,211,909	\$ 200,000	\$ 2,411,909
Expenditures	5,710,355	12,000	5,722,355
Capital Projects Funds:			
Revenues	\$ 4,574,743	\$ 969,216	\$ 5,543,959
Expenditures	20,828,466	39,093,733	59,922,199

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE M – INTERFUND TRANSFERS**

**Fund Financial Statements**

Transfers were made to and from several funds during the course of the year ended June 30, 2006. An interfund transfer is a legally authorized transfer between funds in which one fund is responsible for the initial receipt of funds and another fund is responsible for the actual disbursement. The more significant examples include the transfer of \$628,302 from the capital improvement fund to the sales tax revenue bond debt service fund to support principal and interest payments on debt and \$14,867,667 from the sales tax revenue bonds debt service fund to the capital improvement fund to fund current construction projects. The general fund also transferred \$6.5 million to the capital improvements fund for future construction projects and \$700,000 to the equipment replacement capital projects fund for future replacement of rolling stock and computer equipment. Transfers to general fund were comprised of: \$30,000 received from the Lower Park Avenue RDA capital projects fund, \$30,000 received from the Main Street RDA capital projects fund, \$81,999 from the MBA debt service fund, \$654,629 from the water fund, \$634,730 from the transportation and parking fund and \$101,085 from the golf fund for administrative expenses. Listed below are interfund transfers for the year ended June 30, 2006:

		Transfers in to:				Business-Type Activities	
		Governmental Activities				Activities	
		Major Funds					
	General Fund	Capital Improvement Fund	Sales Tax Revenue & Refunding - DSF	Nonmajor Funds	Golf Course Fund	Total	
<b>Transfers out from:</b>							
<b>Governmental activities</b>							
Major funds:							
General fund	\$ -	\$ 6,509,487	\$ 190,164	\$ 700,000	\$ 25,000	\$ 7,424,651	
Capital Improvement Fund	-	-	628,302	-	-	628,302	
DSF sales tax revenue bonds	-	14,867,667	-	-	-	14,867,667	
Debt service fund g.o. bonds	-	269,058	-	-	-	269,058	
RDA cip - park ave	30,000	-	-	640,000	-	670,000	
Nonmajor funds:							
Other funds	111,999	-	441,631	650,000	-	1,203,630	
<b>Business-type activities</b>							
Water fund	654,629	-	492,917	-	-	1,147,546	
Transport. & parking	634,730	-	270,637	-	-	905,367	
Golf course fund	101,085	-	-	-	-	101,085	
Total	\$ 1,532,443	\$ 21,646,212	\$ 2,023,651	\$ 1,990,000	\$ 25,000	\$ 27,217,306	

**Government-Wide Financial Statements**

Per GASB Statement No. 34, all interfund transfers within governmental activities and business-type activities are eliminated. Transfers between governmental and business-type activities are shown on the Statement of Activities and Changes in Net Assets and eliminated in the total column.



**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2006**

**NOTE N - TAXES**

Before June 15 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. All property taxes levied by the City are assessed and collected by Summit and Wasatch Counties. Property taxes are levied on January 1 on real property values assessed as of the same date. Taxes are due November 30 and delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15 of the following year, a lien is attached to the property and the amount of taxes and penalties bear interest from January 1 until paid. If after five years delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales and resort taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise taxes are collected by the telephone, natural gas, electric utilities, cable television and sewer companies and remitted to the City periodically.

**NOTE O - UNEARNED REVENUE**

**Government-Wide Financial Statements**

The following is the unearned revenue at June 30, 2006.

	<u>Governmental Activities</u>
Property tax levied - not yet collected	\$ 11,842,158
Land/building held for resale	763,038
Total	<u>\$ 12,605,196</u>

**Fund Financial Statements**

At June 30, 2006, the following unearned revenues were recorded in the fund financial statements because the funds were not available to finance expenditures of the current period.

	<u>General</u>	<u>Debt Service - Park City General Obligation</u>	<u>Capital Projects - Capital Improvement Fund</u>	<u>Capital Projects - Lower Park Avenue Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Mortgage assistance loans to employees	\$ 11,444	\$ -	\$ 1,614,972	\$ -	\$ -	\$ 1,626,416
Property tax levied-not yet collected	6,261,214	2,053,046	-	2,227,898	1,300,000	11,842,158
Land/building held for resale	-	-	763,038	-	-	763,038
Total	<u>\$ 6,272,658</u>	<u>\$ 2,053,046</u>	<u>\$ 2,378,010</u>	<u>\$ 2,227,898</u>	<u>\$ 1,300,000</u>	<u>\$ 14,231,612</u>

**SUPPLEMENTARY  
INFORMATION**

**Park City Municipal Corporation**

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# **NONMAJOR GOVERNMENTAL FUNDS**

**Main Street Redevelopment Agency Debt Service Fund** - Accounts for the accumulation of money for the repayment of the 2001 A and B tax increment refunding bonds. The principal source of revenue is property tax increment from the redevelopment area.

**Lower Park Avenue Redevelopment Agency Debt Service Fund** - Accounts for the accumulation of money for the repayment of the 1998 series tax increment revenue bonds and a contract payable. The principal source of revenue is property tax increment from the redevelopment area.

**Municipal Building Authority Debt Service Fund** - Accounted for the accumulation of money for the repayment of the 1996 and 1999 series revenue bonds which were refunded in FY 2005.

**Main Street Redevelopment Agency Capital Projects Fund** - Accounts for capital projects in the Main Street Redevelopment area.

**Municipal Building Authority** - The Municipal Building Authority is a legally separate organization that is a mechanism for financing needed City facilities. The Authority acquires and/or builds facilities by borrowing money secured by a lease agreement between the City and the Authority.

**Housing Authority Capital Projects Fund** - The Housing Authority is a legally separate organization that is controlled and administered by the City.

**Equipment Replacement Capital Projects Fund** - Accounts for the accumulation of resources for the future replacement of fixed assets such as computers, vehicles and heavy equipment.

**Park City Municipal Corporation, Utah**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2006**

	<b>Debt Service Funds</b>		
	<b>Main Street Redevelopment Agency</b>	<b>Lower Park Ave. Redevelopment Agency</b>	<b>Total</b>
<b>ASSETS</b>			
Cash, cash equivalents and investments held by city	\$ 112,581	\$ 58,800	\$171,381
Cash and investments held by fiscal agent	-	2,145,779	2,145,779
Receivables			
Taxes	-	-	-
Accounts	-	-	-
<b>Total assets</b>	<b>\$ 112,581</b>	<b>\$ 2,204,579</b>	<b>\$ 2,317,160</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deposits	\$ -	\$ 400,000	\$ 400,000
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>400,000</b>	<b>400,000</b>
<b>Fund balances</b>			
<b>Reserved for:</b>			
Capital projects	-	1,061,227	1,061,227
Debt service	-	684,552	684,552
<b>Unreserved, designated for, reported in:</b>			
Capital projects	-	-	-
Debt service	-	58,800	58,800
<b>Unreserved, undesignated reported in:</b>			
Capital projects	-	-	-
Debt service	112,581	-	112,581
<b>Total fund balances</b>	<b>112,581</b>	<b>1,804,579</b>	<b>1,917,160</b>
<b>Total liabilities and fund balances</b>	<b>\$ 112,581</b>	<b>\$ 2,204,579</b>	<b>\$ 2,317,160</b>

The notes to the financial statements are an integral part of this statement.

**Capital Projects Funds**

<u>Main Street Redevelopment Agency</u>	<u>Municipal Building Authority</u>	<u>Housing Authority</u>	<u>Equipment Replacement CIP</u>	<u>Total</u>	<u>Total Nonmajor Governmental</u>
\$ 1,155,451	\$ 1,345,891	\$ 63,706	\$ 2,819,217	\$ 5,384,265	\$ 5,555,646
-	-	-	-	-	2,145,779
1,300,000	-	-	-	1,300,000	1,300,000
3,442	6,222	-	14,762	24,426	24,426
<u>\$ 2,458,893</u>	<u>\$ 1,352,113</u>	<u>\$ 63,706</u>	<u>\$ 2,833,979</u>	<u>\$ 6,708,691</u>	<u>\$ 9,025,851</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000
1,300,000	-	-	-	1,300,000	1,300,000
<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>1,700,000</u>
-	-	-	-	-	1,061,227
-	-	-	-	-	684,552
917,555	520	8,038	2,625,659	3,551,772	3,551,772
-	-	-	-	-	58,800
241,338	1,351,593	55,668	208,320	1,856,919	1,856,919
-	-	-	-	-	112,581
<u>1,158,893</u>	<u>1,352,113</u>	<u>63,706</u>	<u>2,833,979</u>	<u>5,408,691</u>	<u>7,325,851</u>
<u>\$ 2,458,893</u>	<u>\$ 1,352,113</u>	<u>\$ 63,706</u>	<u>\$ 2,833,979</u>	<u>\$ 6,708,691</u>	<u>\$ 9,025,851</u>

**Park City Municipal Corporation, Utah**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2006**

	Debt Service Funds			
	Main Street Redevelop- ment Agency	Lower Park Ave. Redevelopment Agency	Municipal Building Authority	Total
<b>Revenues</b>				
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -
Investment income	714	72,489	5	73,208
Rental and other miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>714</u>	<u>72,489</u>	<u>5</u>	<u>73,208</u>
<b>Expenditures</b>				
Capital outlay	-	-	-	-
Debt service				
Principal retirement	885,000	415,000	-	1,300,000
Interest	14,071	220,745	-	234,816
<b>Total expenditures</b>	<u>899,071</u>	<u>635,745</u>	<u>-</u>	<u>1,534,816</u>
Excess (deficiency) of revenues over expenditures	<u>( 898,357)</u>	<u>( 563,256)</u>	<u>5</u>	<u>( 1,461,608)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	650,000	640,000	-	1,290,000
Transfers out	-	-	( 81,999)	( 81,999)
<b>Total other financing sources (uses)</b>	<u>650,000</u>	<u>640,000</u>	<u>( 81,999)</u>	<u>1,208,001</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>( 248,357)</u>	<u>76,744</u>	<u>( 81,994)</u>	<u>( 253,607)</u>
<b>Fund balances - beginning</b>	<u>360,938</u>	<u>1,727,835</u>	<u>81,994</u>	<u>2,170,767</u>
<b>Fund balances - ending</b>	<u>\$ 112,581</u>	<u>\$ 1,804,579</u>	<u>\$ -</u>	<u>\$ 1,917,160</u>

The notes to the financial statements are an integral part of this statement.

**Capital Projects Funds**

<b>Main Street Redevelop- ment Agency</b>	<b>Municipal Building Authority</b>	<b>Housing Authority</b>	<b>Equipment Replacement CIP</b>	<b>Total</b>	<b>Total Nonmajor Governmental</b>
\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,300,000	\$ 1,300,000
60,396	49,557	2,116	3,688	115,757	188,965
-	37,936	-	-	37,936	37,936
<u>1,360,396</u>	<u>87,493</u>	<u>2,116</u>	<u>3,688</u>	<u>1,453,693</u>	<u>1,526,901</u>
399,173	32,487	-	470,108	901,768	901,768
-	-	-	-	-	1,300,000
-	-	-	-	-	234,816
<u>399,173</u>	<u>32,487</u>	<u>-</u>	<u>470,108</u>	<u>901,768</u>	<u>2,436,584</u>
961,223	55,006	2,116	( 466,420)	551,925	( 909,683)
-	-	-	60,988	60,988	60,988
-	-	-	700,000	700,000	1,990,000
<u>( 1,121,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,121,631)</u>	<u>( 1,203,630)</u>
<u>( 1,121,631)</u>	<u>-</u>	<u>-</u>	<u>760,988</u>	<u>( 360,643)</u>	<u>847,358</u>
( 160,408)	55,006	2,116	294,568	191,282	( 62,325)
1,319,301	1,297,107	61,590	2,539,411	5,217,409	7,388,176
<u>\$ 1,158,893</u>	<u>\$ 1,352,113</u>	<u>\$ 63,706</u>	<u>\$ 2,833,979</u>	<u>\$ 5,408,691</u>	<u>\$ 7,325,851</u>



**Park City Municipal Corporation, Utah**  
**Sales Tax Revenue and Refunding Bonds Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues - investment income</b>	\$ -	\$ -	\$ 526,290	\$ 526,290
<b>Expenditures:</b>				
Debt service				
Principal retirement	1,130,000	1,130,000	1,130,000	-
Interest	841,855	853,855	837,355	(16,500)
<b>Total expenditures</b>	<u>1,971,855</u>	<u>1,983,855</u>	<u>1,967,355</u>	<u>(16,500)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,971,855)</u>	<u>(1,983,855)</u>	<u>(1,441,065)</u>	<u>542,790</u>
<b>Other financing (uses)</b>				
Transfers in	2,023,651	2,023,651	2,023,651	-
Transfers out	(14,867,667)	(14,867,667)	(14,867,667)	-
<b>Total other financing (uses)</b>	<u>(12,844,016)</u>	<u>(12,844,016)</u>	<u>(12,844,016)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(14,815,871)</u>	<u>(14,827,871)</u>	<u>(14,285,081)</u>	<u>542,790</u>
<b>Fund balance - beginning</b>	<u>16,024,969</u>	<u>16,073,591</u>	<u>16,073,591</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,209,098</u>	<u>\$ 1,245,720</u>	<u>\$ 1,788,510</u>	<u>\$ 542,790</u>

**Park City Municipal Corporation, Utah**  
**General Obligation Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes				
General property tax	\$ 2,199,909	\$ 2,199,909	\$ 2,199,909	\$ -
Delinquent prior years' taxes	12,000	12,000	12,000	-
Investment income	-	200,000	212,223	12,223
<b>Total revenues</b>	<u>2,211,909</u>	<u>2,411,909</u>	<u>2,424,132</u>	<u>12,223</u>
<b>Expenditures:</b>				
Debt service				
Principal retirement	1,345,000	1,345,000	1,345,000	-
Interest	845,000	845,000	825,724	19,276
<b>Total expenditures</b>	<u>2,190,000</u>	<u>2,190,000</u>	<u>2,170,724</u>	<u>19,276</u>
<b>Excess of revenues over expenditures</b>	<u>21,909</u>	<u>221,909</u>	<u>253,408</u>	<u>31,499</u>
<b>Other financing (uses) - transfers out</b>	<u>-</u>	<u>(269,058)</u>	<u>(269,058)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>21,909</u>	<u>(47,149)</u>	<u>(15,650)</u>	<u>31,499</u>
<b>Fund balance - beginning</b>	<u>469,055</u>	<u>490,879</u>	<u>451,885</u>	<u>( 38,994)</u>
<b>Fund balance - ending</b>	<u>\$ 490,964</u>	<u>\$ 443,730</u>	<u>\$ 436,235</u>	<u>\$ (7,495)</u>

**Park City Municipal Corporation, Utah**  
**Capital Improvements Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 300,000	\$ 715,008	\$ 754,541	\$ 39,533
Investment income	-	12,547	1,265,049	1,252,502
Impact fees	637,456	637,456	1,089,901	452,445
Miscellaneous	105,287	646,948	764,117	117,169
<b>Total revenues</b>	<u>1,042,743</u>	<u>2,011,959</u>	<u>3,873,608</u>	<u>1,861,649</u>
<b>Expenditures:</b>				
Capital outlay				
Land and building acquisition	111,915	4,921,282	586,587	4,334,695
Street and storm drain improvements	1,838,000	3,378,300	476,824	2,901,476
Building renovation and construction	7,143,413	20,962,315	8,086,194	12,876,121
Improvements other than building	7,546,522	18,537,515	6,978,995	11,558,520
City parks and cemetery improvements	231,616	3,705,851	797,606	2,908,245
Equipment	365,000	692,611	123,789	568,822
<b>Total expenditures</b>	<u>17,236,466</u>	<u>52,197,874</u>	<u>17,049,995</u>	<u>35,147,879</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(16,193,723)</u>	<u>(50,185,915)</u>	<u>(13,176,387)</u>	<u>37,009,528</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	111,915	1,128,965	1,021,910	(107,055)
Transfers in	14,877,154	21,646,212	21,646,212	-
Transfers out	(628,302)	(628,302)	(628,302)	-
<b>Total other financing sources (uses)</b>	<u>14,360,767</u>	<u>22,146,875</u>	<u>22,039,820</u>	<u>(107,055)</u>
<b>Net change in fund balances</b>	<u>(1,832,956)</u>	<u>(28,039,040)</u>	<u>8,863,433</u>	<u>36,902,473</u>
<b>Fund balance - beginning</b>	<u>10,988,265</u>	<u>36,547,937</u>	<u>36,495,565</u>	<u>(52,372)</u>
<b>Fund balance - ending</b>	<u>\$ 9,155,309</u>	<u>\$ 8,508,897</u>	<u>\$ 45,358,998</u>	<u>\$ 36,850,101</u>

**Park City Municipal Corporation, Utah**  
**Lower Park Avenue Redevelopment Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property tax	\$ 2,200,000	\$ 2,200,000	\$ 2,227,898	\$ 27,898
Investment income	-	-	200,793	200,793
Rental and other miscellaneous	-	-	9,284	9,284
<b>Total revenues</b>	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,437,975</u>	<u>237,975</u>
<b>Expenditures:</b>				
Capital outlay				
Land and building acquisition	200,000	425,806	44,189	381,617
Street and storm drain improvements	-	65,256	9,650	55,606
Building renovation and construction	-	161	-	161
Improvements other than building	1,095,000	2,666,382	1,176,575	1,489,807
City parks and cemetery improvements	100,000	113,180	-	113,180
<b>Total expenditures</b>	<u>1,395,000</u>	<u>3,270,785</u>	<u>1,230,414</u>	<u>2,040,371</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>805,000</u>	<u>(1,070,785)</u>	<u>1,207,561</u>	<u>2,278,346</u>
<b>Other financing (uses) - transfers out</b>	<u>(670,000)</u>	<u>(670,000)</u>	<u>(670,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>135,000</u>	<u>(1,740,785)</u>	<u>537,561</u>	<u>2,278,346</u>
<b>Fund balance - beginning</b>	<u>2,687,927</u>	<u>4,661,540</u>	<u>4,655,111</u>	<u>( 6,429)</u>
<b>Fund balance - ending</b>	<u>\$ 2,822,927</u>	<u>\$ 2,920,755</u>	<u>\$ 5,192,672</u>	<u>\$ 2,271,917</u>

**Park City Municipal Corporation, Utah**  
**Main Street Redevelopment Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues - investment income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714</u>	<u>\$ 714</u>
<b>Expenditures:</b>				
Debt service				
Principal retirement	885,000	885,000	885,000	-
Interest	22,500	22,500	14,071	8,429
<b>Total expenditures</b>	<u>907,500</u>	<u>907,500</u>	<u>899,071</u>	<u>8,429</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(907,500)</u>	<u>(907,500)</u>	<u>(898,357)</u>	<u>9,143</u>
<b>Other financing sources - transfers in</b>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(257,500)</u>	<u>(257,500)</u>	<u>(248,357)</u>	<u>9,143</u>
<b>Fund balance - beginning</b>	<u>350,996</u>	<u>361,652</u>	<u>360,938</u>	<u>( 714)</u>
<b>Fund balance - ending</b>	<u><u>\$ 93,496</u></u>	<u><u>\$ 104,152</u></u>	<u><u>\$ 112,581</u></u>	<u><u>\$ 8,429</u></u>

**Park City Municipal Corporation, Utah**  
**Lower Park Avenue Redevelopment Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues - investment income</b>	\$ -	\$ -	\$ 72,489	\$ 72,489
<b>Expenditures:</b>				
Debt service				
Principal retirement	415,000	415,000	415,000	-
Interest	226,000	226,000	220,745	5,255
<b>Total expenditures</b>	<u>641,000</u>	<u>641,000</u>	<u>635,745</u>	<u>5,255</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(641,000)</u>	<u>(641,000)</u>	<u>(563,256)</u>	<u>77,744</u>
<b>Other financing sources - transfers in</b>	<u>640,000</u>	<u>640,000</u>	<u>640,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(1,000)	(1,000)	76,744	77,744
<b>Fund balance - beginning</b>	1,694,029	1,727,836	1,727,835	(1)
<b>Fund balance - ending</b>	<u>\$ 1,693,029</u>	<u>\$ 1,726,836</u>	<u>\$ 1,804,579</u>	<u>\$ 77,743</u>

**Park City Municipal Corporation, Utah**  
**Municipal Building Authority Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues-investment income	\$ -	\$ -	\$ 5	\$ 5
Other financing (uses)-transfers out	(32,000)	(81,999)	(81,999)	-
Net change in fund balances	(32,000)	(81,999)	(81,994)	5
Fund balance - beginning	32,727	81,999	81,994	(5)
Fund balance - ending	<u>\$ 727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Park City Municipal Corporation, Utah**  
**Main Street Redevelopment Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
General property tax	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -
Investment income	-	-	60,396	60,396
<b>Total revenues</b>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,360,396</u>	<u>60,396</u>
<b>Expenditures:</b>				
Capital outlay				
Improvements other than building	1,465,000	1,316,728	399,173	917,555
<b>Total expenditures</b>	<u>1,465,000</u>	<u>1,316,728</u>	<u>399,173</u>	<u>917,555</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(165,000)</u>	<u>(16,728)</u>	<u>961,223</u>	<u>977,951</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	1,000,000	-	-	-
Transfers out	(1,121,631)	(1,121,631)	(1,121,631)	-
<b>Total other financing (uses)</b>	<u>(121,631)</u>	<u>(1,121,631)</u>	<u>(1,121,631)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(286,631)</u>	<u>(1,138,359)</u>	<u>(160,408)</u>	<u>977,951</u>
<b>Fund balance - beginning</b>	<u>412,847</u>	<u>1,321,092</u>	<u>1,319,301</u>	<u>(1,791)</u>
<b>Fund balance - ending</b>	<u>\$ 126,216</u>	<u>\$ 182,733</u>	<u>\$ 1,158,893</u>	<u>\$ 976,160</u>



**Park City Municipal Corporation, Utah**  
**Municipal Building Authority Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 49,557	\$ 49,557
Rental and other miscellaneous	32,000	32,000	37,936	5,936
<b>Total revenues</b>	<u>32,000</u>	<u>32,000</u>	<u>87,493</u>	<u>55,493</u>
<b>Expenditures:</b>				
Capital outlay				
Land and building acquisition	32,000	32,000	32,000	-
Building renovation and construction	-	1,007	487	520
<b>Total expenditures</b>	<u>32,000</u>	<u>33,007</u>	<u>32,487</u>	<u>520</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>(1,007)</u>	<u>55,006</u>	<u>56,013</u>
<b>Net change in fund balances</b>	-	(1,007)	55,006	56,013
<b>Fund balance - beginning</b>	<u>1,245,356</u>	<u>1,298,941</u>	<u>1,297,107</u>	<u>( 1,834)</u>
<b>Fund balance - ending</b>	<u>\$ 1,245,356</u>	<u>\$ 1,297,934</u>	<u>\$ 1,352,113</u>	<u>\$ 54,179</u>

**Park City Municipal Corporation, Utah**  
**Housing Authority Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment income	\$ -	\$ -	\$ 2,116	\$ 2,116
Expenditures:				
Capital outlay				
Land and building acquisition	-	8,038	-	8,038
Total expenditures	-	8,038	-	8,038
Excess (deficiency) of revenues over expenditures	-	(8,038)	2,116	10,154
Net change in fund balances	-	(8,038)	2,116	10,154
Fund balance - beginning	52,291	61,583	61,590	7
Fund balance - ending	<u>\$ 52,291</u>	<u>\$ 53,545</u>	<u>\$ 63,706</u>	<u>\$ 10,161</u>

**Park City Municipal Corporation, Utah**  
**Equipment Replacement Capital Improvements Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**For the Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues - investment income	\$ -	\$ -	\$ 3,688	\$ 3,688
<b>Expenditures:</b>				
Capital outlay - equipment	700,000	3,095,767	470,108	2,625,659
<b>Total expenditures</b>	<u>700,000</u>	<u>3,095,767</u>	<u>470,108</u>	<u>2,625,659</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(700,000)</u>	<u>(3,095,767)</u>	<u>(466,420)</u>	<u>2,629,347</u>
<b>Other financing sources</b>				
Proceeds from sale of assets	-	-	60,988	60,988
Transfers in	700,000	700,000	700,000	-
<b>Total other financing sources</b>	<u>700,000</u>	<u>700,000</u>	<u>760,988</u>	<u>60,988</u>
<b>Net change in fund balances</b>	-	(2,395,767)	294,568	2,690,335
<b>Fund balance - beginning</b>	131,266	2,543,099	2,539,411	(3,688)
<b>Fund balance - ending</b>	<u>\$ 131,266</u>	<u>\$ 147,332</u>	<u>\$ 2,833,979</u>	<u>\$ 2,686,647</u>

## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing and operations of services provided to various City departments and other governments, on a cost-reimbursement basis. Included are:

**Fleet Services Fund:** Fleet Services Fund accounts for the cost of storage, repair, and maintenance of City-owned vehicles.

**Self-Insurance Fund:** Self-Insurance Fund accounts for the establishment of a self-insurance program.

**Park City Municipal Corporation, Utah**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2006**

	<u>Fleet Services Fund</u>	<u>Self- Insurance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents held by city	\$ 198,362	\$ 3,214,575	\$ 3,412,937
Accounts receivable	24,450	3,810	28,260
Inventories	162,378	-	162,378
Total current assets	<u>385,190</u>	<u>3,218,385</u>	<u>3,603,575</u>
Capital assets			
Vehicles and equipment	148,683	-	148,683
Accumulated depreciation	<u>( 148,683)</u>	<u>-</u>	<u>( 148,683)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>385,190</u>	<u>3,218,385</u>	<u>3,603,575</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	65,203	8,409	73,612
Compensated absences	9,742	-	9,742
Total current liabilities	<u>74,945</u>	<u>8,409</u>	<u>83,354</u>
Noncurrent liability-compensated absences	19,598	-	19,598
Total liabilities	<u>94,543</u>	<u>8,409</u>	<u>102,952</u>
NET ASSETS - unrestricted	<u>290,647</u>	<u>3,209,976</u>	<u>3,500,623</u>
Total net assets	<u>\$ 290,647</u>	<u>\$ 3,209,976</u>	<u>\$ 3,500,623</u>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2006**

	<b>Fleet Services Fund</b>	<b>Self- Insurance Fund</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services	\$ 1,693,461	\$ 521,318	\$ 2,214,779
<b>Total operating revenues</b>	<u>1,693,461</u>	<u>521,318</u>	<u>2,214,779</u>
<b>Operating expenses</b>			
Salaries and benefits	514,502	-	514,502
Supplies, maintenance and services	545,069	468,992	1,014,061
Energy and utilities	677,104	-	677,104
Depreciation and amortization	74	-	74
<b>Total operating expenses</b>	<u>1,736,749</u>	<u>468,992</u>	<u>2,205,741</u>
Operating income	<u>( 43,288)</u>	<u>52,326</u>	<u>9,038</u>
Change in net assets	( 43,288)	52,326	9,038
Net assets - beginning	333,935	3,157,650	3,491,585
Net assets - ending	<u>\$ 290,647</u>	<u>\$ 3,209,976</u>	<u>\$ 3,500,623</u>

The notes to the financial statements are an integral part of this statement.

**Park City Municipal Corporation, Utah**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2006**

	Fleet Services Fund	Self- Insurance Fund	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,682,722	\$ 517,508	\$ 2,200,230
Payments to suppliers	( 1,158,937)	( 462,817)	( 1,621,754)
Payments to employees	( 507,368)	-	( 507,368)
<b>Net cash provided by operating activities</b>	<u>16,417</u>	<u>54,691</u>	<u>71,108</u>
 <b>Net increase in cash and cash equivalents</b>	 16,417	 54,691	 71,108
 <b>Balances—beginning of the year</b>	 <u>181,945</u>	 <u>3,159,884</u>	 <u>3,341,829</u>
 <b>Balances—end of the year</b>	 <u><u>\$ 198,362</u></u>	 <u><u>\$ 3,214,575</u></u>	 <u><u>\$ 3,412,937</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ (43,288)	\$ 52,326	\$ 9,038
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	74	-	74
Change in assets and liabilities:			
Receivables, net	( 10,739)	( 3,810)	( 14,549)
Inventories	36,505	-	36,505
Accounts and other payables	26,731	6,175	32,906
Accrued expenses	7,134	-	7,134
 <b>Net cash provided by operating activities</b>	 <u><u>\$ 16,417</u></u>	 <u><u>\$ 54,691</u></u>	 <u><u>\$ 71,108</u></u>

The notes to the financial statements are an integral part of this statement.

## **FIDUCIARY FUND**

The Park City Agency Fund is used to hold deposits and performance bonds.



**Park City Municipal Corporation, Utah**  
**Statement of Changes in Assets and Liability**  
**For the Year Ended June 30, 2006**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Park City Agency</b>				
<b>Assets</b>				
Cash, cash equivalents and investments held by city	\$ <u>1,875,457</u>	\$ <u>609,478</u>	\$ <u>(654,808)</u>	\$ <u>1,830,127</u>
<b>Liability</b>				
Deposits	\$ <u>1,875,457</u>	\$ <u>609,478</u>	\$ <u>(654,808)</u>	\$ <u>1,830,127</u>

The notes to the financial statements are an integral part of this statement.

**IMPACT FEE  
AND  
CAPITAL  
PROJECT  
SCHEDULES**

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**CAPITAL PROJECTS FUNDS**  
**SCHEDULE OF PROJECT BUDGET-TO-DATE**  
**June 30, 2006**

	<i>Project Budget</i>	<i>Expenditures</i>			<i>Remaining Project Budget</i>
		<i>Prior Year(s)</i>	<i>Current Year</i>	<i>Total</i>	
<b>Land and building acquisition</b>					
Open space	\$ 32,536,042	\$ 29,372,157	\$ 4,840	\$ 29,376,997	\$ 3,159,045
Affordable housing	6,859,751	4,636,509	657,936	5,294,445	1,565,306
	<u>39,395,793</u>	<u>34,008,666</u>	<u>662,776</u>	<u>34,671,442</u>	<u>4,724,351</u>
<b>Street and storm drain improvements</b>					
Woodside	2,154,361	2,154,361	-	2,154,361	-
Upper Park Avenue	1,392,387	1,372,386	4,890	1,377,276	15,111
Pavement management implementation	9,572,561	8,347,866	303,468	8,651,334	921,227
Hillside Avenue	703,932	103,932	-	103,932	600,000
Other	1,907,663	308,801	178,116	486,917	1,420,746
	<u>15,730,904</u>	<u>12,287,346</u>	<u>486,474</u>	<u>12,773,820</u>	<u>2,957,084</u>
<b>Building renovation and construction</b>					
Carl Winter's improvements	3,713,813	3,712,764	235	3,712,999	814
Marsac building improvements	5,160,735	1,577,182	3,335	1,580,517	3,580,218
ADA implementation	207,698	172,622	-	172,622	35,076
Other projects	20,826,419	3,482,612	8,083,111	11,565,723	9,260,696
	<u>29,908,665</u>	<u>8,945,180</u>	<u>8,086,681</u>	<u>17,031,861</u>	<u>12,876,804</u>
<b>Improvements other than building</b>					
Old town stairs	1,722,696	1,513,837	-	1,513,837	208,859
Entry way improvements	2,873,090	1,732,473	148,772	1,881,245	991,845
Parking projects	7,808,783	1,864,037	5,504,383	7,368,420	440,363
Trails master plan implementation	2,327,781	1,736,180	62,414	1,798,594	529,187
Downtown revitalization	4,859,917	2,044,466	598,116	2,642,582	2,217,335
Street/path lighting	112,215	112,215	-	112,215	-
Other projects	24,827,582	14,012,625	2,243,446	16,256,071	8,571,511
Historical preservation	3,182,380	2,177,991	(2,388)	2,175,603	1,006,777
	<u>47,714,444</u>	<u>25,193,824</u>	<u>8,554,743</u>	<u>33,748,567</u>	<u>13,965,877</u>
<b>City parks and cemetery improvements</b>					
Main city park improvements	5,604,666	1,785,635	797,606	2,583,241	3,021,425
	<u>5,604,666</u>	<u>1,785,635</u>	<u>797,606</u>	<u>2,583,241</u>	<u>3,021,425</u>
<b>Equipment</b>					
Public works equipment	178,963	148,963	18,785	167,748	11,215
Information system	2,443,898	1,515,221	147,283	1,662,504	781,394
Other equipment	3,903,310	1,073,609	427,829	1,501,438	2,401,872
	<u>6,526,171</u>	<u>2,737,793</u>	<u>593,897</u>	<u>3,331,690</u>	<u>3,194,481</u>
<b>Total</b>	<b>\$ 144,880,643</b>	<b>\$ 84,958,444</b>	<b>\$ 19,182,177</b>	<b>\$ 104,140,621</b>	<b>\$ 40,740,022</b>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**IMPACT FEE REPORT**  
**SCHEDULE OF COMPOSITION AND ACTIVITY FOR IMPACT FEES**  
**June 30, 2006**

	Impact Fee Type			
	<u>Open Space</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Water</u>
Beginning balance July 1, 2003	\$ 1,264,835	\$ 884,182	\$ 495,058	\$ -
<b>Collections</b>				
FY 2004	469,510	60,230	56,778	976,754
FY 2005	828,504	103,376	79,599	1,664,747
<b>Total collections</b>	<u>1,298,014</u>	<u>163,607</u>	<u>136,377</u>	<u>2,641,501</u>
<b>Expenditures</b>				
FY 2004	246,502	22,255	-	976,754
FY 2005	427,145	34,650	-	649,857
<b>Total expenditures</b>	<u>673,647</u>	<u>56,905</u>	<u>-</u>	<u>1,626,612</u>
<b>Ending balance June 30, 2005</b>	<u>\$ 1,889,202</u>	<u>\$ 990,884</u>	<u>\$ 631,435</u>	<u>\$ 1,014,889</u>

	Impact Fee Type			
	<u>Open Space</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Water</u>
Impact fee sources				
Beginning balance July 1, 2005	\$ 1,889,202	\$ 990,884	\$ 631,435	\$ 1,014,889
FY 2006 proceeds	860,943	142,982	85,977	1,731,598
<b>Total impact fee sources</b>	<u>2,750,145</u>	<u>1,133,866</u>	<u>717,412</u>	<u>2,746,487</u>

<b>Impact Fee Uses</b>				
Planning/capital analysis	1,278	522	-	-
City park improvements	90,248	-	-	-
Recreation complex	561,921	-	-	-
Public safety complex	-	266,402	-	-
2005 series a st bond - debt svc	500,000	128,302	-	-
Hillside ave design & widening	-	-	-	-
Bonanza crosswalk	-	-	-	-
JSSD water assessment	-	-	-	658,694
Boothill pump station	-	-	-	521
Park meadows well water treatment	-	-	-	-
JSSD additional 12" water connection	-	-	-	50,000
<b>Total impact fee uses</b>	<u>1,153,447</u>	<u>395,226</u>	<u>-</u>	<u>709,215</u>

<b>Remaining Balance</b>				
Ending balance June 30, 2006	<u>\$ 1,596,697</u>	<u>\$ 738,640</u>	<u>\$ 717,412</u>	<u>\$ 2,037,273</u>

**PARK CITY MUNICIPAL CORPORATION, UTAH**  
**IMPACT FEE REPORT**  
**SCHEDULE OF PROJECTED IMPACT FEE EXPENDITURES**  
**June 30, 2006**

	Impact Fee Type			
	<u>Open Space</u>	<u>Public Safety</u>	<u>Streets</u>	<u>Water</u>
<b>Fiscal year 2007 planned expense</b>				
City park improvements	\$ 354,178	\$ -	\$ -	\$ -
Public safety complex	-	714,060	-	-
2005 series a st bond - debt svc	500,000	131,607	-	-
Hillside avenue design & widening	-	-	600,000	-
JSSD water assessment	-	-	-	676,663
Boothill pump station	-	-	-	4,297
Park meadows well water treatment	-	-	-	335
Quinn's junction - mtn reg water tie-in	-	-	-	400,000
<b>Fiscal year 2008 planned expense</b>				
2005 series a st bond - debt svc	500,000	131,607	-	-
Meadows drive traffic signal	-	-	50,000	-
JSSD water assessment	-	-	-	715,954
<b>Fiscal year 2009 planned expense</b>				
2005 series a st bond - debt svc	500,000	131,607	-	-
OTIS projects	-	-	300,000	-
JSSD water assessment	-	-	-	744,592
<b>Total planned expense</b>	<b>\$ 1,854,178</b>	<b>\$ 1,108,881</b>	<b>\$ 950,000</b>	<b>\$ 2,541,841</b>

# STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Schedule 1  
**Park City Municipal Corporation, Utah**  
**Net Assets by Component**  
**Last Three Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 76,844,603	\$ 81,377,025	\$ 84,556,119
Restricted	4,758,014	24,563,680	13,382,225
Unrestricted	41,563,061	27,672,420	45,952,484
Total governmental activities net assets	<u>\$ 123,165,678</u>	<u>\$ 133,613,125</u>	<u>\$ 143,890,828</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 30,621,505	\$ 34,255,631	\$ 33,886,798
Restricted	4,890,128	3,764,831	8,732,350
Unrestricted	5,071,623	6,280,644	5,208,267
Total business-type activities net assets	<u>\$ 40,583,256</u>	<u>\$ 44,301,106</u>	<u>\$ 47,827,415</u>
Primary government			
Invested in capital assets, net of related debt	\$ 107,466,108	\$ 115,632,656	\$ 118,442,917
Restricted	9,648,142	28,328,511	22,114,575
Unrestricted	46,634,684	33,953,064	51,160,751
Total primary government net assets	<u>\$ 163,748,934</u>	<u>\$ 177,914,231</u>	<u>\$ 191,718,243</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Schedule 2**  
**Park City Municipal Corporation, Utah**  
**Changes in Net Assets, Last Three Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal year		
	2004	2005	2006
<b>Expenses</b>			
Governmental activities:			
General government	\$ 7,846,791	\$ 6,493,178	\$ 9,793,758 (1)
Public safety	3,105,264	3,296,810	3,614,976
Public works	7,466,892	7,679,736	7,806,325
Library and recreation	2,668,135	2,333,871	2,569,725
Interest on long-term debt	1,416,853	1,875,384	1,864,527
Total governmental activities expenses	22,503,935	21,678,979	25,649,311
Business-type activities:			
Water	5,635,628	5,586,033	5,126,182
Transportation and parking	4,485,535	5,057,840	5,664,315
Golf course	1,345,877	1,218,127	1,197,417
Total business-type activities expenses	11,467,040	11,862,000	11,987,914
Total primary government expenses	\$ 33,970,975	\$ 33,540,979	\$ 37,637,225
<b>Program Revenues</b>			
Governmental activities:			
Charges for services			
General government	\$ 1,808,891	\$ 3,272,967	\$ 3,605,851
Public safety	8,670	4,920	4,625
Public works	16,670	20,000	54,660
Library and recreation	883,021	946,460	1,078,903
Operating grants and contributions	157,519	53,418	191,803
Capital grants and contributions	4,487,886	3,365,287	1,994,234
Total governmental activities program revenues	7,362,657	7,663,052	6,930,076
Business-type activities:			
Charges for services			
Water	4,443,168	3,972,634	5,314,807
Transportation and parking	1,705,022	2,250,236	2,535,187
Golf course	958,295	857,200	896,091
Operating grants and contributions	188,377	339,700	-
Capital grants and contributions	391,320	4,746,137	3,099,552
Total business-type activities program revenues	7,686,182	12,165,907	11,845,637
Total primary government program revenues	\$ 15,048,839	\$ 19,828,959	\$ 18,775,713
<b>Net (expense)/revenue</b>			
Governmental activities	\$ (15,141,278)	\$ (14,015,927)	\$ (18,719,235)
Business-type activities	(3,780,858)	303,907	(142,277)
Total primary government net expense	\$ (18,922,136)	\$ (13,712,020)	\$ (18,861,512)
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes			
Property tax, levied for general purposes	\$ 9,584,191	\$ 10,771,072	\$ 10,235,875
Property tax, levied for debt service	1,711,909	1,711,909	2,211,909
General sales and use tax	3,400,877	3,892,401	4,268,697
Franchise tax	1,854,981	2,309,090	2,715,184
Resort tax	3,158,783	3,954,810	4,261,186
Investment earnings	758,492	1,481,694	2,976,800
Miscellaneous	496,246	342,398	1,275,609
Gain on sale of capital assets	-	-	1,051,678
Transfers	2,189,364	-	-
Total governmental activities	23,154,843	24,463,374	28,996,938
Business-type activities:			
General sales and use tax	2,219,524	2,655,488	2,871,465
Investments earnings	148,436	275,885	465,996
Miscellaneous	433,609	482,570	331,125
Transfers	(2,189,364)	-	-
Total business-type activities	612,205	3,413,943	3,668,586
Total primary government	\$ 23,767,048	\$ 27,877,317	\$ 32,665,524
<b>Change in Net Assets</b>			
Governmental activities	\$ 8,013,565	\$ 10,447,447	\$ 10,277,703
Business-type activities	(3,168,653)	3,717,850	3,526,309
Total primary government	\$ 4,844,912	\$ 14,165,297	\$ 13,804,012

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) In February 2006, the City began operation of the Quinn's Recreation Complex Ice Skating Arena. The expenses for operation of the arena are included in general government.



**Schedule 3**

**Park City Municipal Corporation, Utah**  
**Fund Balances of Governmental Funds**  
**Last Three Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year		
	2004	2005	2006
General fund			
Total general fund - unreserved, undesignated	\$ <u>2,992,064</u>	\$ <u>3,216,779</u>	\$ <u>3,120,657</u>
All other governmental funds			
Reserved			
Major capital projects funds-capital projects	\$ -	\$ 6,356,191 (1)	\$ 3,615,314
Major debt service funds-capital projects	-	16,443,301 (1)	8,015,584
Major debt service	-	13,159	5,548
Nonmajor debt service funds-capital projects	2,630,600	1,025,952	1,061,227
Nonmajor debt service funds-debt service	2,127,414	725,077	684,552
Unreserved, designated			
Major capital projects funds	18,904,054	26,616,759	37,188,250 (2)
Nonmajor capital projects funds	4,497,301	3,272,704	3,551,772
Major debt service funds	177,742	451,885	436,235
Nonmajor debt service funds	1,141,311	337,744	58,800
Unreserved, undesignated			
Major capital projects funds	9,783,315	8,177,726	9,748,106
Major debt service funds	-	(300,875)	(6,232,622)
Nonmajor capital projects funds	795,495	1,944,705	1,856,919
Nonmajor debt service funds	(247,426)	-	112,581
Total all other governmental funds	\$ <u>39,809,806</u>	\$ <u>65,064,328</u>	\$ <u>60,102,266</u>

Notes: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

(1) The increase in reserved fund balance in fiscal year 2005 was due to unspent bond proceeds from an issuance during the period for capital projects.

(2) The increase in designated fund balance in fiscal year 2006 was primarily due to a \$6.5 million transfer from the general fund to the capital projects improvement fund per the City's budget.

**Schedule 4**  
**Park City Municipal Corporation, Utah**  
**Changes in Fund Balances of Governmental Funds**  
**Last Three Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year		
	2004	2005	2006
<b>Revenues</b>			
Taxes and special assessments	\$ 19,688,976	\$ 22,584,930	\$ 23,715,701
Licenses and permits	1,144,028	2,154,641	2,250,004
Intergovernmental	838,767	662,954	933,555
Charges for services	959,759	1,053,161	1,375,512
Fines and forfeitures	26,947	25,766	28,622
Investment income	758,492	1,481,694	2,976,800
Impact fees	586,518	1,010,779	1,089,901
Rental and other miscellaneous	1,709,620	1,680,982	1,216,022
Total revenues	<u>25,713,107</u>	<u>30,654,907</u>	<u>33,586,117</u>
<b>Expenditures</b>			
General government	7,052,526	6,975,713	7,201,245
Public safety	3,008,490	3,219,448	3,509,959
Public works	3,410,777	3,746,378	4,021,580
Library and recreation	2,122,774	2,067,106	2,268,341
Debt Service			
Principal retirement	4,437,570	6,867,602	3,820,134
Interest	1,423,844	1,650,721	1,897,895
Bond issuance	-	264,195	-
Capital outlay	10,105,470	9,652,321	19,137,043
Total expenditures	<u>31,561,451</u>	<u>34,443,484</u>	<u>41,856,197</u>
Revenues (under) expenditures	(5,848,344)	(3,788,577)	(8,270,080)
<b>Other financing sources (uses)</b>			
Debt issuance	5,024,109	24,500,000	-
Refunding bonds issued	-	4,500,000	-
Premium on debt issuance	-	173,975	-
Payment to refunded bond escrow agent	-	(4,143,153)	-
Payment to refunded bond holders	-	(387,745)	-
Capital contributions	-	2,000,000	-
Proceeds from sale of assets	11,093	486,059	1,082,898
Transfers in	11,827,304	26,788,395	27,192,306
Transfers out	(9,440,487)	(24,649,717)	(25,063,308)
Total other financing sources	<u>7,422,019</u>	<u>29,267,814</u>	<u>3,211,896</u>
Net change in fund balances	\$ <u>1,573,675</u>	\$ <u>25,479,237</u>	\$ <u>(5,058,184)</u>
Debt Service as a			
percentage of noncapital expenditures	27%	35%	25%

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

**Schedule 5**

**Park City Municipal Corporation, Utah**

**General Government Tax Revenues by Source(1)**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Resort Tax</u>	<u>Total</u>
1997	4,440,943	2,703,699	1,067,748	2,435,182	10,647,572
1998	4,652,188	2,800,917	1,184,569	2,587,656	11,225,330
1999	4,803,713	2,930,353	1,175,506	2,552,606	11,462,178
2000	5,666,842	3,010,970	1,195,335	2,644,765	12,517,912
2001	6,729,259	3,178,411	1,480,821	3,036,380	14,424,871
2002	7,303,205	3,707,373	1,641,647	3,136,399	15,788,624
2003	7,045,425	3,213,567	1,702,577	3,039,168	15,000,737
2004	7,865,133	3,400,877	1,854,981	3,158,783	16,279,774
2005	8,955,565	3,892,401	2,309,090	3,954,810	19,111,866
2006	8,942,736	4,268,697	2,715,184	4,261,186	20,187,803
Change:					
1997-2006	101.4%	57.9%	154.3%	75.0%	89.6%

(1) Includes general fund and debt service fund.

**Schedule 6**  
**Park City Municipal Corporation, Utah**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Six Fiscal Years**  
**(in thousands of dollars)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Miscellaneous Property</b>	<b>Total Assessed Value</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2001	\$ 2,718,623	\$ 290,391	\$ 42,624	\$ 3,051,638	\$ 2,938,871	0.001216 %
2002	3,003,739	314,503	54,165	3,372,407	3,197,541	0.002204 %
2003	3,154,215	308,415	53,764	3,516,394	3,248,321	0.002166 %
2004	3,182,705	314,184	51,877	3,548,766	3,366,694	0.002267 %
2005	3,288,957	318,780	51,642	3,659,379	3,472,236	0.002537 %
<b>2006</b>	<b>3,515,024</b>	<b>381,696</b>	<b>44,779</b>	<b>3,941,500</b>	<b>3,761,216</b>	<b>0.002349 %</b>

Source: Summit County Assessor's Office

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

**Schedule 7**

**Park City Municipal Corporation, Utah**

**Taxable Sales by Category**

**Last Three Fiscal Years**

(in thousands of dollars)

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Apparel stores	\$ 11,363	\$ 14,213	\$ 36,560
Food stores	41,627	44,444	67,093
Eating and drinking establishments	52,551	58,713	52,381
Home furnishings and appliances	8,183	9,143	13,059
Building materials and farm tools	16,145	21,943	18,054
Miscellaneous retail stores	50,969	58,732	58,340
All other outlets	<u>684</u>	<u>1,916</u>	<u>67</u>
Total	\$ <u><u>181,522</u></u>	\$ <u><u>209,104</u></u>	\$ <u><u>245,554</u></u>
City direct sales tax rate	2.25 %	2.25 %	2.25 %

Source: Utah State Tax Commission website: Off Wasatch Front Zip Code Taxable Sales by Major Industry

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

Schedule 8  
Park City Municipal Corporation, Utah  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates					Total Levy for Park City Residents	
	Basic Rate	General Obligation Debt Service		Total Direct	Summit County Levy	State Assessment/Collecting	Weber Basin Water	Park City Fire		Park City School
Tax Rate (per \$1 of taxable value)										
1997	0.002305	0.000114		0.002419	0.001850	0.000433	0.000154	0.000678	0.005908	0.011442
1998	0.002180	0.000101		0.002281	0.001630	0.000379	0.000145	0.000811	0.006564	0.011810
1999	0.001731	0.000074		0.001805	0.001169	0.000355	0.000137	0.000898	0.005555	0.009919
2000	0.001889	0.000225		0.002114	0.001249	0.000360	0.000139	0.000907	0.006056	0.010825
2001	0.001876	0.000410		0.002286	0.001216	0.000348	0.000200	0.000901	0.005802	0.010753
2002	0.001834	0.000370		0.002204	0.001190	0.000339	0.000193	0.000898	0.005555	0.010379
2003	0.001847	0.000319		0.002166	0.001165	0.000323	0.000193	0.000858	0.003902	0.008607
2004	0.001855	0.000412		0.002267	0.001186	0.000337	0.000198	0.000885	0.003847	0.008720
2005	0.001875	0.000662		0.002537	0.001220	0.000321	0.000198	0.001180	0.004083	0.009539
2006	0.001748	0.000601		0.002349	0.001170	0.000321	0.000193	0.001132	0.003774	0.008939

Source: Summit County property tax notices.

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

**Schedule 9**

**Park City Municipal Corporation, Utah**

**Direct and Overlapping Sales Tax Rate**

**Last Three Fiscal Years**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Summit County</u>	<u>State of Utah</u>	<u>Total</u>
2004	2.25 %	0.35 %	4.75 %	7.35 %
2005	2.25	0.35	4.75	7.35
2006	2.25	0.35	4.75	7.35

Source: Utah State Tax Commission

Note: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

Schedule 10  
Park City Municipal Corporation, Utah  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Marriott Ownership Resorts	\$ 114,504,078	1	3.04 %	\$ 16,148,250	2	0.80 %
Deer Valley Resort	48,244,936	2	1.28	24,401,148	1	1.20
Mountain Developments Inc	16,312,707	3	0.43	-	-	-
POWDR Development	14,247,158	4	0.38	-	-	-
Madanas Family	14,485,982	5	0.39	-	-	-
United Park City Mines	12,167,280	6	0.32	-	-	-
Qwest	11,400,575	7	0.30	-	-	-
George Stefanis MD	10,630,322	8	0.28	-	-	-
Spring Canyon Associates	9,988,980	9	0.27	-	-	-
PacifiCorp	8,756,011	10	0.23	7,654,610	7	0.40
Silver Lake Associates	8,613,406	11	0.23	-	-	-
Sunstone Sidewinder LLC	8,220,013	12	0.22	-	-	-
Yarrow Hotel	7,970,000	13	0.21	6,402,550	10	0.30
Prospector Plaza	7,876,813	14	0.21	-	-	-
Snow Creek Center LLC	6,924,637	15	0.18	7,458,602	8	0.40
Park Meadows Club Inc	6,219,961	16	0.17	-	-	-
Park Regency	5,791,800	17	0.15	-	-	-
Questar	4,208,432	18	0.11	-	-	-
Park City Mountain Resort	-	-	-	10,200,860	4	0.50
U.S. West	-	-	-	12,702,490	3	0.60
Karen Huntsman	-	-	-	8,417,152	6	0.40
Delta Airlines	-	-	-	8,787,390	5	0.40
Wintzer Wolfe	-	-	-	7,375,723	9	0.40
Sweetwater Properties	-	-	-	6,115,421	11	0.30
Park Plaza	-	-	-	6,059,954	12	0.30
Kahler Corporation	-	-	-	5,520,908	13	0.30
Albertson's	-	-	-	3,541,866	14	0.20
Totals	\$ <u>316,563,091</u>		<u>2.6 %</u>	\$ <u>130,786,924</u>		<u>4.0 %</u>

Source: Summit County Treasurer and Park City Finance Department



**Schedule 11**  
**Park City Municipal Corporation, Utah**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 3,914,279	\$ 4,214,394	107.67 %	\$ 226,549	\$ 4,440,943	113.45 %
1998	4,200,118	4,407,877	104.95	244,311	4,652,188	110.76
1999	4,531,453	4,532,449	100.02	271,264	4,803,713	106.01
2000	5,041,731	5,413,157	107.37	253,685	5,666,842	112.40
2001	6,031,299	6,447,289	106.90	281,970	6,729,259	111.57
2002	6,366,937	6,796,305	106.74	506,900	7,303,205	114.71
2003	6,620,186	6,575,217	99.32	470,208	7,045,425	106.42
2004	6,997,424	7,393,110	105.65	472,023	7,865,133	112.40
2005	8,051,199	8,562,600	106.35	392,965	8,955,565	111.23
2006	8,156,143	8,590,934	105.33	351,802	8,942,736	109.64

Source: Summit County Treasurer and Park City Finance Department

The "Total Tax Levy" is the dollar amount certified by the City as needed to balance the budget. The tax rate adopted by the City to generate the "Total Tax Levy" is adjusted, in accordance with State law, to compensate for potential appeals and estimated collection rate. Subsequently, in years where actual appeals are less than the given adjustment and/or the actual collection rate is higher than projected, the City can receive in "Current Tax Collections" an amount greater than the "Total Tax Levy" required to balance the budget.

**Schedule 12**  
**Park City Municipal Corporation, Utah**  
**Ratios of Outstanding Debt by Type**  
**Last Three Fiscal Years**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Redevelopment Bonds	Sales Tax Increment Bonds	Municipal Building Authority	Contracts Payable	Water Bonds	Capital Leases				
2004	\$ 12,300,000	\$ 6,880,000	\$ -	\$ 8,585,000	\$ 900,043	\$ 7,917,000	\$ 121,676	\$ 36,703,719	2.46%	\$ 4,908	
2005	19,915,000	5,620,000	20,000,000	-	731,543	7,428,000	90,922	53,785,465	3.42%	6,824	
2006	18,570,000	4,320,000	18,870,000	-	686,409	11,375,000 (2)	58,400	53,879,809	3.31%	6,680	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) The City issued Water Revenue Bonds Series 2006 for \$4,450,000 in fiscal year 2006.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

**Schedule 13**

**Park City Municipal Corporation, Utah**

**Ratios of General Bonded Debt Outstanding**

**Last Three Fiscal Years**

<u>Fiscal Year</u>	<u>General Bonded Debt</u>		<u>Percentage of Actual Property Value (1)</u>		<u>Per Capita (2)</u>
		<u>General Obligation Bonds</u>			
2004	\$	12,300,000	0.37%	\$	1,645
2005		19,915,000	0.57%		2,527
2006		18,570,000	0.49%		2,302

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

(1) See Schedule 6 for property value data.

(2) Population and personal income data can be found in Schedule 18.

**Schedule 14**  
**Park City Municipal Corporation, Utah**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2006**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to Park City (2)</u>	<u>Estimated Amount Applicable to Park City</u>
Debt repaid with property taxes			
State of Utah	\$ 1,377,390,000	3.49%	\$ 48,125,622
Summit County	11,260,000	48.13%	5,419,885
Park City School District	42,600,000	47.67%	20,306,303
Snyderville Basin Water Reclamation District	5,204,828	50.00%	2,602,414
Weber Basin Water Conservancy District	33,806,619	13.51%	4,567,266
Subtotal, overlapping debt			<u>81,021,490</u>
City direct debt (1)	18,570,000	100.00	<u>18,570,000</u>
Total direct and overlapping general obligation debt			<u>\$ 99,591,490</u>

Sources: Utah State Auditors Office and Summit County Treasurer

Notes:

(1) Includes only long-term general obligation debt being repaid through general property taxes.

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Park City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Schedule 15**  
**Park City Municipal Corporation, Utah**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 81,827,925	\$ 113,710,021	\$ 113,710,021	\$ 107,208,237	\$ 117,554,834	\$ 127,901,648	\$ 129,932,855	\$ 134,667,752	\$ 138,889,430	\$ 150,448,648
Total net debt applicable to limit	931,375	764,070	584,863	3,462,229	3,087,428	8,299,920	7,604,811	12,300,000	19,915,000	18,570,000
Legal debt margin	\$ 80,896,550	\$ 112,945,951	\$ 113,125,158	\$ 103,746,008	\$ 114,467,406	\$ 119,601,728	\$ 122,328,044	\$ 122,367,752	\$ 118,974,430	\$ 131,878,648
Total net debt applicable to the limit as a percentage of debt limit	1.14%	0.67%	0.51%	3.23%	2.63%	6.49%	5.85%	9.13%	14.34%	12.34%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Total assessed value	\$ 3,761,216,189
Debt limit - 4% of total assessed value	150,448,648
Amount of debt applicable to debt limits:	
General Obligation Bonds 1999, 2000, 2003 & 2004 Series	18,570,000
Less: Amount available for repayment of general obligation bonds	-
Total net debt applicable to limit	18,570,000
Legal debt margin	\$ 131,878,648

**Note:** Under Utah State Law, Park City's outstanding debt should not exceed 4 percent of total assessed property value.  
The general obligation debt subject to the limitation may be offset by resources set aside for the repayment of the principal that are externally restricted.

**Schedule 16****Park City Municipal Corporation, Utah****Pledged-Revenue Coverage****Last Three Fiscal Years**

<b>Main Street Redevelopment Bonds</b>					
	<b>Property Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>	
		<b>Principal</b>	<b>Interest</b>		
2004	\$ 1,300,000	\$ 830,000	\$ 68,689	\$ 1.4	
2005	1,300,000	860,000	41,818	1.4	
2006	1,300,000	885,000	14,071	1.4	

<b>Lower Park Avenue Redevelopment Bonds</b>					
	<b>Property Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>	
		<b>Principal</b>	<b>Interest</b>		
2004	\$ 2,109,202	\$ 385,000	\$ 348,285	2.9	
2005	2,173,064	400,000	234,885	3.4	
2006	2,227,898	415,000	220,745	3.5	

<b>Sales Tax Increment Bonds</b>					
	<b>Sales Tax Increment</b>	<b>Debt Service</b>		<b>Coverage</b>	
		<b>Principal(1)</b>	<b>Interest (1)</b>		
2004	\$ -	\$ -	\$ -	-	
2005	680,656	-	-	-	
2006	2,023,651	1,130,000	837,355	1.0	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Schedule 17 for information on water revenue bond coverage.

(1) Debt issued in fiscal year 2005. No principal and interest payments were scheduled in the period in which the debt was issued.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

Schedule 17  
**Park City Municipal Corporation, Utah**  
**Water Fund Refunding Revenue Bonds**  
**Schedule of Net Revenues to Aggregate Debt Service**  
**As of June 30, 2006**

		Coverage Ratio	
		Actual	Minimum
Net revenues (change in net assets less capital contributions)	\$ 2,096,796		
Add			
Excluded transfer to general fund	654,629		
Depreciation and amortization	1,149,014		
Bond interest expense	288,235		
Revenues pledged to debt	4,188,674	5.30	1.20
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002 Water Revenue and Refunding Bonds	\$ 503,000	\$ 286,905	\$ (789,905)
Less water impact fees			(1,731,598)
Net revenues less impact fees pledged to debt	\$ 2,457,076	3.11	1.00

Year	Net Revenue (Loss)	Gross Revenues (Less Impact Fees) Available for Debt Service	Total Debt Service	Coverage	Gross Revenue Available for Debt Service	Debt	Coverage
1997	1,511,887	1,542,064	971,672	1.59	2,626,588	971,672	2.70
1998	718,665	1,248,435	977,460	1.28	1,812,535	977,460	1.85
1999	407,395	1,001,065	911,915	1.10	1,538,520	911,915	1.69
2000	(243,994)	889,195	915,246	0.97	889,195	915,246	0.97
2001	344,821	1,454,207	907,500	1.60	1,454,207	907,500	1.60
2002	(258,328)	560,899	907,957	0.62	935,661	907,957	1.03
2003	584,567	1,119,038	768,338	1.46	1,922,291	768,338	2.50
2004	(1,100,049)	202,963	791,514	0.26	1,179,717	791,514	1.49
2005	202,045	584,336	791,495	0.74	2,249,083	791,495	2.84
2006	2,096,796	2,457,076	789,905	3.11	4,188,674	789,905	5.30

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The Water Revenue Bonds Series 2006 were issued in fiscal year 2006. No principal or interest payments are scheduled until fiscal year 2008.

**Schedule 18**  
**Park City Municipal Corporation, Utah**  
**Demographic and Economic Statistics**  
**Last Three Fiscal Years**

<u>Year</u>	<u>Population(2)</u>	<u>Personal Income (thousands of dollars)(1)(2)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age</u>	<u>School Enrollment(4)</u>	<u>Unemployment Rate (1)(3)</u>
2004	7,478	\$ 1,491,412	\$ 44,069	32.7	4,150	6.0%
2005	7,882	1,571,986	45,538	32.7	4,344	5.3%
2006	8,066	1,626,716	47,933	32.7	4,411	4.0%

Notes: (1) Applies to Summit County.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

Sources:

(2) Census Bureau

(3) Bureau of Labor Statistics

(4) Park City School District



**Schedule 19**  
**Park City Municipal Corporation, Utah**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2006				1997			
	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment(1)	Yearly Maximum Employees	Yearly Minimum Employees	Rank	Percentage of Total City Employment(1)
Deer Valley Resort	1,962	191	1	13.07 %	299	200	1	2.32 %
Park City Mountain Resort	950	70	2	6.33	-	-	-	-
Park City Municipal Corporation	827	668	3	5.51	199	100	4	1.54
Park City School District	763	500	4	5.08	-	-	-	-
Premier Resorts of Utah	600	300	5	4.00	199	100	6	1.54
Stein Eriksen Lodge	499	250	6	3.32	199	100	7	1.54
Jarl's Mountain Outfitters	250	100	7	1.67	-	-	-	-
Albertson's	249	100	8	1.66	99	50	9	0.77
Marriott Park City	249	100	9	1.66	-	-	-	-
Marriott Ownership Resorts	129	129	10	0.86	-	-	-	-
Dan's Foods	100	85	11	0.67	199	100	2	1.54
Fairbanks Capital Corp	-	-	-	-	199	100	3	1.54
Olympia Park Hotel	-	-	-	-	199	100	5	1.54
Yarrow Hotel	100	100	12	0.67	199	100	8	1.54
Anderson Lumber	99	50	13	0.66	99	50	10	0.77
Total	6,777	2,643		45.15 %	1,890	1,000		14.64 %

Source: Utah Department of Workforce Services

Note: (1) Percentage based on the maximum number of employees in the range.

**Schedule 20****Park City Municipal Corporation, Utah****Full-time Equivalent City Government Employees by Function****Last Three Fiscal Years**

<u>Function</u>	Full-time Equivalent Employees as of June 30		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government			
Executive	4.0	3.0	3.0
Finance	6.3	6.8	6.8
Human resources	5.6	5.6	5.6
Budget, debt and grants	3.3	3.3	3.3
Planning	8.0	7.5	6.5
Building	14.8	14.8	14.8
Engineering	3.0	3.0	3.0
Legal	7.1	7.1	7.1
Other	16.8	16.3	21.1
Public safety			
Police	33.9	32.9	32.1
Communication center	8.5	8.5	8.5
Other	0.6	0.6	1.4
Public works			
Transit	38.1	43.1	55.4
Fleet services	7.3	7.3	8.8
Street maintenance	16.0	16.0	16.0
Parks and cemetery	19.1	18.6	19.9
Administration	3.0	3.0	2.5
Other	12.2	12.2	11.7
Library and recreation			
Library	10.5	10.5	11.6
Golf	10.0	8.8	7.2
Recreation	25.6	25.9	25.9
Tennis	5.9	6.5	7.1
Water			
Water billing	1.0	1.0	1.0
Water operations	13.8	13.8	14.0
Reorganized departments			
Leisure services	6.3	-	-
Other	3.0	-	-
Total	283.5	275.9	293.9

Source: Park City Budget Department

Notes: Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

A full-time employee is scheduled to work 2,080 hours per year (including vacation). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

## Schedule 21

## Park City Municipal Corporation, Utah

## Population Statistics

Census:	Fiscal <u>Year</u>	Park City <u>Population</u>	Percent Change from <u>Prior Period</u>	Summit County <u>Population</u>	Percent Change from <u>Prior Period</u>
	1950	2,254	- %	6,745	- %
	1960	1,366	(39.40)	5,673	(15.89)
	1970	1,193	(12.66)	5,879	3.63
	1980	2,823	136.63	10,198	73.46
	1990	4,430	56.93	15,518	52.17
	2000	6,500	46.73	29,736	91.62
	2001	7,371	13.40	30,607	2.93
	2002	7,371	-	31,857	4.08
	2003	7,478	1.45	34,073	6.96
	2004	7,478	-	34,073	-
	2005	7,882	5.40	34,073	-
	2006	8,066	2.33	37,624	10.42

## Age distribution of 2004 population:

Age	Number	Percent
Under 5 Years	340	4.55 %
5-17	990	13.24
18-20	582	7.78
21-24	669	8.95
25-44	1,438	19.23
45-54	1,223	16.35
55-59	1,365	18.25
60-64	569	7.61
65-74	226	3.02
75-84	47	0.63
85 and over	29	0.39
	<u>7,478</u>	<u>100.00</u>

Median age: 32.7 Years

Sources: 1990 U.S. Census, 1982 and 1984 U.S. Census estimates,  
and estimates based on building permits and city projections.  
Factfinder.census.gov - Census 2000 Summary File 3 (SF3)

**Schedule 22**

**Park City Municipal Corporation, Utah**

**Transient Room Capacity as a Percentage of Population**

**Last Eight Fiscal Years**

<u>Fiscal Year</u>	<u>Transient Room Capacity</u>	<u>Park City Population</u>	<u>Resort Percentage</u>	
1999	16,941	6,500	261	%
2000	18,117	6,500	279	
2001	19,473	7,371	264	
2002	19,779	7,371	268	
2003	24,714	7,478	330	
2004	24,714	7,478	330	
2005	25,133	7,882	319	
2006	27,779	8,066	344	

Source: Park City Chamber/Visitors Bureau

Note: Table represents data available since implementation of GASB Statement 44,  
and will increase to ten years over time.

**Schedule 23**

**Park City Municipal Corporation, Utah**

**Historical Pledged Taxes**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>Pledged Sales &amp; Use Taxes</b>	<b>% Change From Prior Year</b>		<b>Pledged Resort Tax(2)</b>	<b>% Change From Prior Year</b>		<b>Total Pledged Taxes</b>	<b>% Change From Prior Year</b>
1997	\$	2,703,699	6.6 %	\$	2,435,182	10.3 %	\$	5,138,881	8.3 %
1998		2,800,917	3.6		2,587,656	6.3		5,388,573	4.9
1999		2,930,353	4.6		2,552,606	(1.4)		5,482,959	1.8
2000		3,010,970	2.8		2,644,765	3.6		5,655,735	3.2
2001		3,178,411	5.6		3,036,680	14.8		6,215,091	9.9
2002		3,707,373 (1)	16.6		3,136,399	3.3		6,843,772	10.1
2003		3,213,567	(13.3)		3,039,168	(3.1)		6,252,735	(9.5)
2004		3,400,877	5.8		3,158,783	3.9		6,559,660	4.9
2005		3,892,401	14.5		3,954,810	25.2		7,847,211	19.6
2006		4,268,697	9.7		4,261,186	7.7		8,529,883	8.7

Notes: (1) Fiscal Year 2002 reflects a one-time increase in revenue due to the Olympics.

(2) Pledged Resort Taxes reflect revenue figures equal to 75% of the total revenues collected pursuant to the City's levy of the 1% Resort Communities Tax (comprising the Pledged Resort Taxes). The City has previously earmarked 25% of the total of such revenues to transit-related projects and improvements.

**Schedule 24**  
**Park City Municipal Corporation, Utah**  
**Operating Indicators by Function**  
**Last Three Fiscal Years**

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police			
Physical arrests	699	652	618
Parking violations	369	460	1,207
Traffic violations	1,380	1,631	1,400
Public works			
Street resurfacing (tons of asphalt )	6,000	6,000	4,650
Potholes repaired	150	150	150
Water			
Number of customers	4,637	4,706	4,805
New connections	76	95	96
Water main breaks	25	11	18
Average daily consumption (thousands of gallons)	4,076	3,764	4,381
Peak daily consumption (thousands of gallons)	7,144	7,199	8,626
Average monthly billings (3/4" meter)	\$24.98	\$21.36	\$55.41
Residential billing rates			
Base rate (per 3/4" meter)	10.80	15.55	16.17
Base rate (per 1" meter)	14.58	21.00	21.84
Base rate (per 1-1/2" meter)	17.28	24.89	25.89
Rate per 1,000 gallons (winter months only)	1.89	1.94	2.83
Commercial billing rates			
Base rate (per 3/4" meter)	14.04	20.22	21.03
Base rate (per 1" meter)	23.76	34.21	35.58
Base rate (per 1-1/2" meter)	50.76	73.09	76.01
Base rate (per 2" meter)	105.84	152.40	158.50
Base rate (per 3" meter)	275.40	396.58	412.44
Base rate (per 4" meter)	500.04	720.06	748.86
Base rate (per 6" meter)	942.84	1,357.69	1,411.99
Base rate (per 8" meter)	1,623.24	2,337.47	2,430.96
Rate per 1,000 gallons	1.89	2.72	2.83
Building activity			
Building permits issued	894	989	1,186
Number of residential units	125	247	220
Residential value (in thousands)	47,731	75,681	70,340
Commercial value (in thousands)	16,436	11,985	36,950
Parks and recreation			
Racquet club passes	2,625	2,539	2,370
Golf rounds	29,977	25,512	29,575
Library			
Total volumes borrowed	68,887	77,798	72,155
Circulation per capita	9	10	9
Transit			
Total route miles	692,000	946,600	931,050
Passengers	1,457,897	1,622,618	1,815,558

Sources: Various City departments.

Notes: Indicators are not available for the general government function.

Table represents data available since implementation of GASB 44, and will increase to ten years over time.

**Schedule 25**  
**Park City Municipal Corporation, Utah**  
**Capital Asset Statistics by Function**  
**Last Three Fiscal Years**

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Area (sq miles)	13	13	13
Police station	1	1	1
Transit buses	25	32	33
Public works			
Streets (lane miles)	106	109	111
Streetlights	515	515	523
Water			
Fire hydrants	855	855	975
Water mains (miles)	110	110	110
Storage capacity (thousands of gallons)	11,650	11,650	11,650
Recreation and culture			
Acreage	199	199	199
Parks	36	36	36
Covered picnic areas	6	4	4
Tennis courts	13	13	13
Soccer fields	4	4	4
Baseball diamonds	7	7	7
Library	1	1	1
Volumes in library	51,181	53,991	55,645
Golf course	1	1	1

Sources: Various City departments.

Notes: Fire protection is provided by the Park City Fire District.

Table represents data available since implementation of GASB Statement 44, and will increase to ten years over time.

**Schedule 26**  
**Park City Municipal Corporation, Utah**  
**Redevelopment Project Area**  
**Market and Taxable Value Trends**  
**Last Ten Fiscal Years**

<u>FISCAL YEAR</u>		<u>TAXABLE VALUE</u>	<u>% CHANGE FROM PRIOR YEAR</u>		<u>MARKET VALUE</u>	<u>% CHANGE FROM PRIOR YEAR</u>
1997	\$	167,612,359	33.6 %	\$	187,657,834	35.4 %
1998		183,482,775	9.5		207,436,807	10.5
1999		228,494,076	24.5		244,205,621	17.7
2000		219,099,368	(4.1)		241,223,670	(1.2)
2001		239,485,327	9.3		261,609,629	8.5
2002		314,084,599	31.1		336,208,901	28.5
2003		353,481,561	12.5		337,954,192	0.5
2004		346,514,365	(2.0)		377,330,745	10.4
2005		362,263,842	4.5		374,724,724	(0.7)
2006		357,626,748	(1.3)		391,165,787	4.2

Source: Report of Fiscal Consultant



## Schedule 27

Park City Municipal Corporation, Utah  
 Redevelopment Project Area  
 Historical Tax Increment Revenues  
 Last Ten Fiscal Years

FISCAL YEAR	TAXABLE VALUE	ADJUSTED BASE YEAR TAXABLE VALUE	INCREMENTAL TAXABLE VALUE	COMPOSITE TAX RATE	GROSS TAX INCREMENT REVENUE	% STATUTORY ALLOCATION	TAX INCREMENT REVENUE
1997	\$ 167,612,359	\$ 74,647,999	\$ 92,964,360	0.011442	\$ 1,063,698	80 %	\$ 850,959
1998	183,482,775	74,647,999	108,834,776	0.011820	1,286,427	80	1,029,142
1999	228,494,076	71,761,869	156,732,207	0.009626	1,508,704	80	1,206,963
2000	219,099,368	71,761,869	147,337,499	0.010750	1,584,320	80	1,267,456
2001	239,485,327	71,763,238	167,822,089	0.010405	1,746,189	80	1,396,951
2002	314,084,599	62,676,363	251,408,236	0.010077	2,533,333	75	1,900,000
2003	353,481,561	62,676,363	290,805,198	0.010100	2,937,133	75	2,193,500
2004	346,514,365	62,676,363	283,838,002	0.010208	2,897,418	75	2,173,064
2005	362,263,842	62,676,363	299,587,479	0.010261	3,074,067	75	2,305,550
2006	357,626,748	71,663,238	285,963,510	0.010388	2,970,589	75	2,970,589

Source: Report of Fiscal Consultant

Schedule 28  
**Park City Municipal Corporation, Utah**  
 Schedule of Insurance in Force  
 As of June 30, 2006

<u>COMPANY &amp; COVERAGE TYPE, POLICY #</u>	<u>LIMITS</u>	<u>EXPIRATION</u>	<u>PREMIUM</u>
<b>AFFILIATED FM</b> (Property Coverage) TS270	\$ 43,693,004	1/1/07	\$ 41,768
<b>TRAVELERS</b> (Crime Policy), 103884093	\$ 525,000	1/1/08	\$ 3,589
<b>UTAH LOCAL GOVT TRUST</b> (Workers Compensation), ULGT 1621.0	\$ 1,000,000	1/1/07	\$ 114,256
<b>STATES</b> (Excess Liability, Automobile Liability, Employment Practice Liability, Law Enforcement Liability, and Error of Ommission Liability), SEL 30157 02	\$ 5,000,000	1/1/07	\$ 115,234

**Schedule 29**  
**Park City Municipal Corporation, Utah**  
**Five-Year Financial Summaries**  
**Last Five Fiscal Years**

**Fiscal Year Ended June 30 (1)**

	2006	2005	2004	2003	2002
<b>ASSETS</b>					
Cash, cash equivalents and investments held by city	\$ 63,987,443	\$ 56,190,670	\$ 50,040,922	\$ 53,745,036	\$ 48,628,050
Cash and investments held by fiscal agent	16,861,988	21,357,430	10,048,142	6,585,653	-
Investments	-	-	-	-	5,895,045
Receivables (net of allowance for uncollectibles):					
Taxes	12,763,566	12,548,445	12,373,018	11,046,825	497,576
Accounts	1,566,591	1,414,622	1,091,510	1,370,601	500,523
Notes receivable	1,626,416	1,427,672	1,286,541	1,337,869	1,425,562
Inventories	502,177	526,515	551,840	544,736	561,694
Prepays	421,824	405,600	390,000	375,000	200,000
Restricted assets					
Cash and cash equivalents	5,652,587	7,371,081	-	-	1,667,987
Land and building held for resale	763,038	763,038	763,038	-	-
Land and water rights	70,785,909	70,145,146	68,146,932	61,167,811	41,569,645
Infrastructure (2)	28,479,082	27,958,775	79,079,677	77,434,155	-
Buildings and improvements (2)	20,940,865	9,287,667	14,587,029	14,442,733	57,336,769
Improvements other than buildings (2)	26,284,552	24,694,249	48,713,477	46,388,378	-
Art	391,051	318,559	192,694	109,214	-
Vehicles and equipment (2)	5,362,887	5,673,060	14,452,253	14,284,145	13,215,325
Construction in progress	4,903,828	7,685,086	1,818,812	1,157,789	-
Accumulated depreciation and amortization (2)	-	-	(88,972,231)	(82,058,750)	(21,955,339)
Unamortized bond issuance costs	684,338	727,226	559,728	564,937	24,408
Amount available in debt service funds	-	-	-	-	6,450,098
Amount to be provided for retirement of general long-term obligations	-	-	-	-	25,181,825
<b>Total assets</b>	<b>\$ 261,978,142</b>	<b>\$ 248,494,841</b>	<b>\$ 215,123,382</b>	<b>\$ 208,496,132</b>	<b>\$ 181,199,168</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,056,876	\$ 2,293,873	\$ 743,469	\$ 707,261	\$ 957,269
Accrued liabilities	619,522	1,078,225	1,109,560	1,211,362	1,664,180
Deposits	425,000	425,000	594,261	594,261	2,149,802
Unearned revenues	12,605,196	12,392,246	12,223,439	10,431,854	1,361,406
Note payable	58,400	90,922	121,676	150,759	178,262
Compensated absences	521,766	440,100	-	-	-
Contracts payable	686,409	731,543	900,043	1,847,613	2,241,923
General obligation bonds	18,671,229	20,024,111	12,300,000	8,155,000	8,760,000
Revenue bonds	34,615,501	33,104,590	23,382,000	26,494,000	23,577,215
<b>Total liabilities</b>	<b>70,259,899</b>	<b>70,580,610</b>	<b>51,374,448</b>	<b>49,592,110</b>	<b>40,890,057</b>
<b>Equity and other credits</b>					
Contributed capital	-	-	-	-	24,357,957
Investment in capital assets	118,442,917	115,632,656	107,466,108	107,025,766	54,516,762
Retained earnings					
Reserved for water development	2,037,273	1,014,890	-	-	1,447,228
Reserved for repair and replacement	-	-	-	-	95,724
Reserved for capital projects	18,553,078	25,766,243	6,717,721	-	-
Reserved for debt service	1,524,224	1,547,378	2,930,421	-	125,035
Unreserved	-	-	-	-	23,299,119
Fund balances					
Reserved for debt service	-	-	-	-	3,429,594
Unreserved					
Designated for debt service	-	-	-	-	3,020,504
Designated for capital improvements	-	-	-	-	21,171,290
Undesignated	51,160,751	33,953,064	46,634,684	51,878,256	8,845,898
<b>Total equity and other credits</b>	<b>191,718,243</b>	<b>177,914,231</b>	<b>163,748,934</b>	<b>158,904,022</b>	<b>140,309,111</b>
<b>Total liabilities and fund balances</b>	<b>\$ 261,978,142</b>	<b>\$ 248,494,841</b>	<b>\$ 215,123,382</b>	<b>\$ 208,496,132</b>	<b>\$ 181,199,168</b>

Source: Information extracted from the City's fiscal years ended June 30, 2002 through 2006 general purpose financial statements

Notes: (1) Because of changes in accounting principles beginning Fiscal Year 2003, prior financial information may not be comparable.

(2) Capital assets in Fiscal Year 2005 and Fiscal Year 2006 are shown net of accumulated depreciation.

**INTERNAL  
CONTROL AND  
COMPLIANCE REPORTS**

**Park City Municipal Corporation**

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**WISAN, SMITH, RACKER & PRESCOTT, LLP**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

Honorable Mayor and Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation, Utah (the City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Salt Lake City, Utah  
November 14, 2006

*Wisan Smith Racker & Prescott, LLP*

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

132 PIERPONT AVENUE, SUITE 250  
SALT LAKE CITY, UTAH 84101  
FAX (801) 328-2015  
(801) 328-2011

MEMBER  
UTAH ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

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# WISAN, SMITH, RACKER & PRESCOTT<sub>LLP</sub>

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE GUIDELINES

Honorable Mayor and Members of the City Council  
Park City Municipal Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Park City Municipal Corporation, Utah (the City), for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. As a part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements. (However, these programs were subject to testwork as part of the audit of the City's financial statements):

- DUI Enforcement (Department of Health)
- Citizen's Corp Grant (Department of Public Safety)

Our audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- B & C Road Funds
- Other General Issues
- Uniform Building Code Standards
- Impact Fees
- Asset Forfeiture

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

132 PIERPONT AVENUE, SUITE 250  
SALT LAKE CITY, UTAH 84101  
FAX (801) 328-2015  
(801) 328-2011

MEMBER  
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The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Park City Municipal Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

*Wison Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
November 14, 2006